

1 HEARING BEFORE THE ATTORNEY GENERAL

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7 PROPOSED SALE OF THE ASSETS OF
8 HEALTH MIDWEST, a Missouri Public
9 Benefit Non-Profit Corporation.

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15 Held on Tuesday, November 26, 2002
16 At Truman High School Auditorium
17 3301 South Noland Road
18 Independence, Missouri

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21 Chair Members:

22 Attorney General Jay Nixon

23 Mr. Paul Wilson, Deputy Chief of Staff

24

25

1 ATTORNEY GENERAL NIXON: If folks will
2 take their seats I would like to get started. I
3 would like to thank our hosts here who have been
4 wonderful to us and the snack bar, the girls'
5 volleyball game. That I would recommend everyone
6 stopping by and help the local.

7 Let me get started. I will try to --
we
8 will start on in about four or five minutes here,
9 and then we will begin the evening. I came to
10 listen, not to talk, but I will violate that
rule.
11 I will talk for about three or four minutes here,
12 and then we'll get started.

13 Before we begin formally with this
hearing
14 this evening, I wanted to let everyone know of a
15 development today in this matter. This afternoon
I
16 discovered, I found out a little after 2:00
o'clock
17 that lawyers for Health Midwest called us to let
us
18 know that they had filed a lawsuit against me in
19 Jefferson City. I'm very disappointed in the
20 board's decision to take this approach.

21 From the beginning I pledged to you for
a
22 thorough and public review and a review in which
23 your voice, the public's, would be heard. I've
kept
24 that promise. Now the board of Health Midwest is

any 25 tending to short circuit this review and avoid

1 thorough analysis of what they have done. More
2 importantly, they apparently are willing to go to
3 any length to avoid any input as to what should
be
4 done in the future. They made their decision and
I
5 will stand by mine.

6 I am committed to continue the process
7 that I began. I will continue to examine this
process
8 transaction closely, and I will conduct this
important
9 openly and with your input. Tonight is an
be
10 step in that process. Tonight's hearing should
11 informative. I do not intend to debate Health
12 Midwest's litigation or my response to it,
although
13 there were a number of typos in their pleadings.
14 Instead, all of us will keep our involvement to
what
15 we came to do here tonight.

16 I want to welcome you all to the second
17 public hearing regarding the proposed sale of
Health
18 Midwest to HCA. Your attendance tonight and the
19 more than 500 people we had at the first public
20 hearing is a testament to the fact that the
Health
21 Midwest hospitals are not only in the central
part
22 of the health care delivery system in the
23 communities they serve, but more importantly they

24
communities

are a wonderfully valuable part of our

25

as a whole.

1 This is a public hearing. You have the
2 right to hear the details of the transaction
Health
3 Midwest is proposing. You also have the right to
be
4 heard regarding your thoughts and concerns about
5 this transaction. Tonight is not about what I
6 think. It's about listening to Health Midwest
and
7 learning what you think.

8 Just so you know, Health Midwest has
now
9 reached a definitive sales agreement with HCA.
They
10 provided that agreement to our office last
Friday.
11 I've asked Health Midwest to make a presentation
12 concerning not only that agreement, but the
process
13 that led Health Midwest's decision to conduct
such a
14 sale. I've asked that they speak first this
evening
15 and to limit that presentation in whatever way
they
16 wanted to divide it between their folks to 45
17 minutes so we can have a full and public hearing
of
18 that -- from you.

19 I expect Health Midwest to respect the
20 rest of us who came to speak tonight by honoring
21 that time, and I fully expect that they will.
But
22 just as important, I expect the rest of us to

proposal	23	respect their opportunity to describe this
	24	and listen and learn from what they have to say.
in	25	These hearings have been described as democracy

not 1 action and I believe they are, but democracy is
respecting 2 only the right to be heard, but it's also
you 3 the rights of others to have their say, even if
4 do not agree with everything that's being said.

5 When Health Midwest is through, the
public 6 balance of this evening will be dedicated to
large 7 comment. As was the case last week, we have a
8 number of speakers who have asked to be heard. I
it 9 want to hear from as many of you as possible, so
10 is essential that you limit your remarks to five
had 11 minutes each. I encourage those of you who have
12 more extensive comments to submit those to me in
part 13 writing if you so desire, and we will make them
14 of our permanent record of these proceedings.

15 Please, to the extent that your
comments 16 merely restate issues already made by others in
your 17 organizations, I ask you to keep your remarks
even 18 shorter so as many points of view may be heard as
19 possible. This hearing will end this evening at
20 9:30.

21 Before we begin I want to make sure
at 22 everyone understands where we are in the process

proposes 23 this particular juncture. When a nonprofit
24 to sell to a for profit, it's my job as attorney
25 general to review the proposed transaction to

1 determine if it's in the best interests of the
2 public. The assets of Health Midwest after the
sale 3 are your assets. They belong to the public.
4 The directors, executives of Health
5 Midwest do not own these assets. What they have,
6 and all they have, is a legal duty to manage
these 7 assets to further the nonprofit mission of Health
8 Midwest and to serve the people of the
communities 9 that Health Midwest was established to serve. My
10 job is to make sure that they live up to that
duty.
11 For me to do that job Health Midwest
must 12 make a detailed public proposal of the
transaction 13 of which they are seeking approval. They have
not 14 yet done this. Tonight provides the opportunity
for 15 that. True, we now have Health Midwest's signed
16 agreement with HCA, and that's an essential part
of 17 Health Midwest's proposal. It's just a part.
18 We have been and will continue to
request 19 information from Health Midwest and flush out the
20 details of this sales agreement as well as the
21 process that Health Midwest employed to reach a
22 decision to sell in conducting its sale.
23 From the outset I stated that my review

price 24 will focus on three critical areas: process,
25 and proceeds. Analysis of whether the price that

not
also
made
Health
only
public
dedicated.
how
negotiated
question

1 HCA is paying for these assets is fair includes
2 only financial analysis of the price tag, but
3 whether the operating commitments that HCA has
4 with respect to indigent care and maintenance of
5 services are adequate. I expect to hear from
6 Midwest on that question tonight, and more
7 important, I expect to hear from you on this
8 important question tonight as well.
9 As important as price is, and make no
10 mistake, it is important, I'm even more concerned
11 tonight with the question of process. It is
12 important that Health Midwest demonstrate their
13 decision to sell was made by individuals whose
14 interest was in protecting the value of these
15 assets and the mission to which they are
16 And you have a right to see their evidence. This
17 question is important, not only with respect to
18 Health Midwest reached its decision to sell, but
19 also with respect to the individuals who
20 the terms of such sale.
21 But there is a more fundamental
22 at stake on the issue of process. How can Health
23 Midwest's decision to sell all of its hospitals

be

24 justified if their mission was to own and operate

25 nonprofit hospitals? Why did Health Midwest

decide

1 to get out of the business? What alternatives to
2 the sale were available and were they considered?
3 It is my hope that they will address this
4 fundamental question this evening.

5 Perhaps the most important issue of
all,
6 however, focuses on what Health Midwest proposes
to
7 do with the proceeds of the sale. Health Midwest
8 has not made a formal and complete disclosure on
9 this element to date. I've heard many general
10 comments from communities now served by Health
11 Midwest about how they would like to see this
money
12 used.

13 Health Midwest too has made general
14 statements about what they propose to do with the
15 sale proceeds. Last week Health Midwest
submitted
16 an outline of a proposal to our office, and we
have
17 then posted it online on our website. But I
cannot
18 review and, more important, you cannot fairly
19 evaluate or comment on press releases, which are
20 general statements of intent or even an outline.
21 Health Midwest must make a formal and complete
22 proposal on this critical issue. This sale
cannot
23 proceed until that proposal is made and approved.

24 Even though we do not have a proposal
from

that I 25

Health Midwest on this issue, it is important

that
you
comments
put
be
proposal

1 continue to hear from you on what you believe
2 proposal should contain. I hope that those of
3 who comment tonight will offer your comments and
4 specific suggestions on this topic. These
5 should be considered by Health Midwest as they
6 together their proposal. And your comments will
7 considered in my review of Health Midwest's
8 once we receive it.

is

9 Let me conclude by saying this process
10 a long way from over. In some respects, such as
11 Health Midwest's proposal for how to use the sale
12 proceeds, the process is not even started. From
13 outset, however, I pledge to conduct an open and
14 public review process. I've kept that pledge and
15 continue to keep that pledge. Our office has
16 reviewed a great deal of information from Health
17 Midwest and will be requesting to review a great
18 deal more.

critically

19 This proposed sale is not only
20 important to our communities, it is also an
21 incredibly complex transaction. Health Midwest
22 not one company. It is a confederacy of more
than

23 50 nonprofit and for-profit corporations.
24 All the documents that are received
from
25 Health Midwest are public documents, and I have

1 published hundreds of pages of key documents over
2 our website. I am committed to get this
information
3 to you as quickly and completely as possible, and
I
4 am committed to making sure that your voices are
5 heard in the process.

6 With that I would ask that Mr. Dick
Brown,
7 president and chief executive officer of Health
8 Midwest begin the 45 minutes, and as Paul Tagley
9 says, you're on the clock. Thank you.

10 MR. BROWN: Thank you, Mr. Nixon. I am
11 Richard Brown, the president and chief executive
12 officer of Health Midwest. It's a privilege to
be
13 here tonight to present the overview that we have
14 prepared for you.

15 I might begin with comments about the
16 legal petitions that were filed today in Missouri
17 and Kansas in which the Health Midwest board is
18 seeking guidance from the courts in those states.
19 This step has been taken in good faith to ensure
20 that we all understand the approval process and
that
21 Kansas City does not lose the benefits of this
great
22 transaction.

23 The board of Health Midwest has been
24 listening since August and values all the input
that

has

25

has been received since that period of time. It

11

1 become apparent that input reveals to us that
2 satisfying all parties will be impossible. We
will
3 continue to work with the attorneys general in
both
4 states, exchanging information, providing all
5 requested data, participating in hearings and
6 cooperating in every possible way to facilitate
the
7 review that is active, ongoing and which we're
8 totally supportive of.
9 We acknowledge the important role that
the
10 attorneys general in both states play in this
11 approval process and in no way do we seek to slow
or
12 stop that process. We seek only clarification of
13 the scope and guidance regarding the ongoing role
of
14 the Health Midwest board of directors given the
15 multiple and conflicting demands the board now
16 faces.
17 Mr. Nixon, you have described that the
key
18 factors you want to hear from us about tonight
deal
19 with the process, the price and the proceeds.
Our
20 plan is, through my own remarks and a series of
21 comments by others who will assist me, to review
22 those three important elements of this
23 consideration.

24 The process through which the Health

25 Midwest board came to this consideration is based

on

1 the realities that the health care industry faces
2 today. The operating challenges are well
documented 3 in the media coverage for hospitals and health
4 systems around the country. In our own case the
5 particular challenge that has emerged is the
capital 6 needs of an organization of our size and scope,
7 relative to the limited capital access that has
been 8 produced through dwindling capital financing
9 strategies available to not-for-profit
organizations 10 like Health Midwest.

11 Parenthetically it should be noted that
12 our capital spending on our multiple hospital
system 13 over the past several years has been running in a
14 range of about \$25 million annually. That
compares 15 to an annual depreciation expense on a straight
line 16 depreciation method of \$45 million a year. Thus
you 17 will observe that the deterioration on the
18 accounting basis of our assets is proceeding at a
19 notable rate. Our ability to access capitals to
20 replace those aging facilities, equipment and
obtain 21 new technology has been severely stressed as a
22 result of those two issues.

23 Compounding that combination of
dilemmas

boom

24

is that with the increasing entry of the baby

25

population into the health care system at a

what 1 significant rate of dependence, the demand for
2 we do, the services we provide is increasing.
capital, 3 So facing a challenge of adequate
4 necessary technology and increase in demand, our
5 board began a careful examination of a series of
6 alternatives to assure Kansas City that the
7 dependence they have had on our extensive system
8 would be reasonable for the city to count on in
9 years to come.
included 10 Options that the board evaluated
status 11 the following. First of all, maintaining the
12 quo, dealing with our organization as best we
13 can and continuing the dedicated service that has
our 14 been a hallmark of our organization and parts of
city. 15 organization for over 100 years serving this
16
may 17 Second option was to break the system
18 apart, disassemble it and leave those parts that
19 not be the most desirable to fend for themselves.
20 Unfortunately, that group of hospitals probably
21 serves the most vulnerable parts of our community
22 and was rejected.
joint 23 The possibility of entering into a
or venture first with another not-for-profit system

options	24	secondly with an investor-owned system were
completely	25	that were considered, as well as merging

1 with another not-for-profit health system.
2 The final option dealt with the
3 possibility of selling the Health Midwest assets
to
4 an investor-owned health system. The board's
5 decision-making process involved an extensive and
6 careful review of these options. And through
that
7 process the board determined that HCA, the
nation's
8 largest health care provider, would be best
9 qualified to become our new partner in carrying
10 forward our mission in Kansas City.

11 The board went through a number of
steps
12 prior to selecting HCA as its final and best
13 choice. That process included identifying
14 providers, both investor owned and not for
profit,
15 with a demonstrated commitment to quality care
under
16 the communities that they serve.

17 The board reviewed formal expressions
of
18 interest in August of 2002. And I would add that
we
19 then proceeded to communicate not only to the
20 internal Health Midwest family, but to the
community
21 at large through the media in August about this
set
22 of decisions.

23 Following the review of the expressions

of

24
candidates

interest, the board narrowed the field of

25

to HCA and Tenant in September of 2002. That

1 decision was also communicated to our internal
2 Health Midwest family and to the broader
community 3 through the news media.
4 That led to a series of informational
5 exchanges involving intensive review with both
HCA 6 and Tenant. A number of presentations and
7 dialogues 8 were carried forth with board members, physicians
9 and Health Midwest officials actually then going
out 10 to do site visits and on-site inspections of both
11 HCA and Tenant hospitals in markets where those
for 12 organizations have owned and operated hospitals
13 an extended period of time.

14 One of our board members who made those
15 visits and will be speaking to you tonight is Dr.
16 Greg Starks. Dr. Starks is a gynecologist and
17 endocrinologist and happens to be a member of the
Medical 18 board of Health Midwest as well as Research
19 Center. Dr. Starks was an active participant in
20 review and decision-making processes that have
21 led us here tonight. I would like to introduce Dr.
Greg 22 Starks to you.

23 DR. STARKS: Thank you, Dave. As a
physician and a Health Midwest board member, I
had

his 24 the opportunity, along with several of the other
 25 board members, to visit with Jack Bovender and

1 corporate and medical staff at several HCA
2 facilities in Texas and also in Tennessee. The
3 visit was a comprehensive top-to-bottom review of
4 HCA system and operations. We had the
opportunity
5 to visit with board members, physicians, nurses,
6 building staff as well as supply team personnel.

7 There are several points that I want to
8 make about this visit so that we have an
9 understanding and also appreciate what it is
these
10 people bring to the table.

11 First and foremost, I was impressed
with
12 the HCA corporate and medical community, that is,
13 the board members, physicians, because they
appeared
14 to have a sincere commitment and caring attitude
15 about quality health care and also about patient
16 safety. There appeared to be a pervasive -- this
17 was pervasive at each of the facilities that we
18 visited, and we visited multiple facilities
19 throughout their system.

20 Mr. Bovender and his managing staff
21 appeared to be appreciated by the people who
worked
22 there, respected and trusted also by these
people,
23 and also he seemed to exhibit a leadership style
24 that I felt was inclusive and very open.

25 The second point is hospital

17

the 1 efficiencies. From a physician's point of view
were 2 progress in cutting edge technologies that we
for 3 able to see at the facilities, from bar coding
technologies 4 patient identification and safety, electronic
5 medical records, digital radiological
led 6 and also paperless charting. And this actually
7 me to believe that these people are the front
8 runners in hospital care for the future.
and 9 All of these progressive technologies
10 the things that we were able to observe really
11 provided a significant benefit to the nursing and
12 the support staff. And I think it provided a
in 13 significant amount of satisfaction in their roles
14 terms of taking care of the patients. And
15 especially the physicians' satisfaction was
we 16 particularly high due to the responsiveness that
17 saw with the hospital and the corporate staff in
18 terms of addressing their needs and concerns.
the 19 The third thing I was impressed by was
20 diversity. Diversity is one of those high budget
21 issues that many individuals and corporations are
appears 22 pretty uncomfortable with. In my opinion it
23 that HCA has instituted multiple directives and

also

24 significant programs to address these diversity
25 issues.

18

to 1 Some of the examples that we are able
2 observe is that educating minority MBA candidates
3 for hospital management positions. Also,
4 internships at various entry levels within their
5 system that also allowed these people to
ultimately 6 move into their system as well.

7 So it appeared to me from the diversity
8 side HCA appeared to have an active, vigorous
9 advocacy in terms of addressing their diversity
10 issues throughout their organization.

it's 11 ATTORNEY GENERAL NIXON: Do you think
12 stronger than Health Midwest's?

each 13 DR. STARKS: Well, I think, you know,
14 has its own specific mission. And I think Health
15 Midwest has done a very good job in terms of some
of 16 the diversity issues in this community.

we 17 And the last thing is mission. I think
18 talked a lot about mission, but I think the
success 19 and the personality of any organization emanates
20 from the leadership and the mission of that
21 organization. The 48 hours that we were able to
22 spend with the HCA medical community allowed me
to 23 see firsthand the active pursuit of their
missions

24 for community and patient care. Included in that
25 mission appeared to be a commitment to
maintaining

19

their 1 the cultural and the religious traditions of
2 institutions.

convinced 3 Last but not least, this visit
4 me that HCA had the expertise, the experience and
5 the financial resources to elevate health care in
6 Kansas City to the level that we've become
the 7 accustomed. And also it has the expertise and
8 ability to lead us into the future stronger, more
9 financially capable and medically up to date.

a 10 So my recommendation as a physician and
11 Health Midwest board member is that the Attorney
12 General will consider approving this transaction.
13 Thank you.

14 ATTORNEY GENERAL NIXON: If I could ask
15 just one question just very simply. As a board
middle 16 member, did you all vote on suing us in the
17 of this transaction today?

Mr. 18 DR. STARKS: I will leave that up to
19 Brown.

Seriously. 20 ATTORNEY GENERAL NIXON: No.
21 You're a board member, aren't you?

22 DR. STARKS: Correct.

23 ATTORNEY GENERAL NIXON: Did you vote?

24 DR. STARKS: I think we had a
presentation

strategies 25

that was given to us in terms of various

1 that we could look at, and that was one of the
2 strategies that was proposed. So obviously we
did 3 have a response.

4 MR. BROWN: October of 2002, following
5 this process that Dr. Stark has provided you --

6 ATTORNEY GENERAL NIXON: Excuse me. As
I 7 said at the outset, everybody gets their time.

Any 8 questions I ask don't come out of your time. So
if 9 you all -- I know we all are going to say our

things 10 tonight. So if we make sure we give everybody
their 11 respect, I think it will make everybody get more

12 information out to the public. That's what our
goal 13 is tonight.

14 MR. BROWN: Thank you. Following the
15 process Dr. Starks described in October of 2002,
the 16 board of Health Midwest selected HCA and once

again 17 communicated to the Health Midwest family and the
18 community at large that HCA had been selected as
the 19 party with whom exclusive negotiations would be

20 conducted regarding the possibility of a sales
21 transaction of the Health Midwest operating
assets.

22 Mr. Nixon, as you've indicated, on
Friday,

23 November 22nd we were able to complete the
24 negotiations of that final transaction document.
25 The signatures occurred precisely at 2:45 on
Friday

1 afternoon. A time that was admittedly later than
2 any of us had hoped, but I think as soon as we
3 possibly reached the necessary agreements on a
4 transaction of this complexity.

5 The transaction is at this point
subject, 6 Mr. Nixon, to your review and approval, as well
as 7 the attorney general review and approval in
Kansas 8 and approval by the Federal Trade Commission.

9 The next component of our presentation
to 10 you deals with price. To address the price
itself, 11 Mr. Nixon, I would like to introduce David L.
of 12 Atchison. Mr. Atchison is the president and CEO
financial 13 Ponder and Company and has served as the
14 advisor to Health Midwest throughout this
15 transaction.

16 ATTORNEY GENERAL NIXON: I should note,
afternoon 17 Dick, before you go down, that on Friday
ready 18 your counsel called us, said you were getting
understand 19 to complete the signatures. As best as I
20 it, the document was signed by you all and within
21 the hands -- our hands within just a few short
22 hours, hour and a half getting it to us. You got
it

that

23 there. I will stipulate we got it in our office
24 about 4:30, 5:00 o'clock. We had it on the Web
25 evening. So everybody communicated well.

1 MR. BROWN: Thank you.

2 MR. ATCHISON: Thank you, Dick. Thank

3 you, Mr. Nixon. I am David Atchison. I'm the

4 president and CEO of Ponder and Company. Ponder

was

5 founded in 1974 and is a privately held firm that

6 provides financial advisory services to the

health

7 care industry. The three areas that we focus in

on

8 are merger and acquisition work, capital

formation

9 and investment management, all working in

primarily

10 the not-for-profit health care industry.

11 I want to go off slide just very

briefly,

12 if I can, just to build up a little bit more

13 information with regard to process because I know

14 that's a concern of yours.

15 In early July of 2002 my firm was

engaged

16 to advise the Health Midwest board of directors

in

17 the investigation of opportunities associated

with

18 the possible sale of its health care system.

19 Services included in the engagement were:

20 identification of interested buyers, both not for

21 profit and for profit; the development of a

process

22 that would ensure fair and equitable treatment of

23 all potential buyers; the creation of a

competitive

24
compelled

bidding process; and all bidders would be

25
objectives

to address the financial and nonfinancial

1 established by the Health Midwest board of
2 directors.

3 In addition Ponder and Company was to
4 actively participate in the negotiations of the
5 offers and the terms of the definitive agreement
and
6 opine as to the fairness of the sale from a
7 financial perspective. This process was reviewed
in
8 detail with members of your staff in a two and a
9 half hour presentation held on November 20th.

10 Ponder and Company will opine that
Health
11 Midwest's proposed sale to HCA as set forth in
the
12 definitive asset purchase agreement of 11/22/02
is
13 fair from a financial perspective. This opinion
is
14 based on the aforementioned process in which we
15 cleared the market for the Health Midwest assets
and
16 the confirmation of value derived from our
17 analytical evaluation process, which I will now
18 describe for you.

19 Now back on slide. Our assessment of
the
20 value of the Health Midwest business was based on
21 the likely perception of value that potential
22 bidders, i.e. the market, would have of Health
23 Midwest assets. Ponder measured acquisition
value

employed	24	by analyzing recent health care sales. We
arrive	25	other generally accepted valuation methods to

1 at likely value for Health Midwest assets.

2 The slide that follows is a summary of

the

3 valuation assessment that we performed. The top

4 three quarters of that graphic identify two

5 different methods that we employed: a precedent

6 transaction methodology and a discounted cash

flow

7 methodology. And both of those findings are then

8 compared to the ultimate HCA offer.

9 In the precedent transaction category

we

10 looked at revenue in EBITDA. EBITDA means

Earnings

11 Before Interest, Taxes, Depreciation and

12 Amortization, or cash flow. When we looked at

13 transactions that were undertaken between 1998

and

14 the second quarter of 2002, some 27 possible

15 transactions, and applied the multiples of

revenue

16 obtained in those situations to the revenues of

17 Health Midwest, which were \$1 billion, we came up

18 with a bar chart that's reflected there. And I

will

19 assist you since it's difficult to analyze the

20 numbers next to the actual graphic.

21 At the low end that comes to \$732

22 million. At the high end, 1 billion 152 million

23 with a median of \$832 million. In terms of

EBITDA,

24 we see at the low end, \$533 million, a high end

of

25

\$943 million, with a median of \$637 million.

1 The next methodology is identified here
2 as the discounted cash flow. This was an attempt
on
3 our part to put ourselves in the shoes of a
4 for-profit acquirer, since we were down to Tenant
5 and HCA at that point, both being for-profit
6 acquirers. And basically we took a look at the
7 operating margin, EBITDA margin, of Health
Midwest
8 and tried to assume that over a two to five-year
9 period under the ownership of HCA they would
attempt
10 to build up the EBITDA margin to a level that is
11 more consistent with their current portfolio of
some
12 180 different hospitals.

13 And in doing that analysis we
determined
14 that the low end of that range would be \$718
million
15 and the high end would be 945, with a median of
\$831
16 million. As you can see there in the vertical
17 yellow line, that really represents our
assessment
18 using those tools of what the fair value could be
19 for these assets, and that's a range of 800 to
\$900
20 million.

21 And as you can see at the lower
portion
22 of that graphic, the HCA offer without capital
23 commitment is at 1 billion 125 million dollars

and 1

24 billion 575 if you include the capital commitment
25 over five years. Clearly in that situation this

1 value exceeds that that we identified.

2 It's important probably to put this in
3 perspective and give you a sense of what we think

is

4 really going on with regard to the valuation of

the

5 Health Midwest assets.

6 ATTORNEY GENERAL NIXON: What is a

range

7 of the debt?

8 MR. ATCHISON: The range of the debt at

9 Health Midwest?

10 ATTORNEY GENERAL NIXON: Yes.

11 MR. ATCHISON: I think it's

approximately

12 \$340 million.

13 Health Midwest, from our evaluation and

14 perspective we believe Health Midwest's value and

15 total consideration to be paid by HCA exceed the

16 conventional measures of market value. This

premium

17 is associated with the confluence of several

18 factors: strength in the operating and capital

19 market performance of major investor-owned

hospital

20 management companies.

21 Acquisition strategies are now more

22 precisely focused on acquiring multi-hospital

23 systems with leading market shares in major

24 metropolitan markets. There is a very limited

25 supply of such opportunities, and Health Midwest

the 1 represents the best opportunity of this sort in
2 foreseeable future.

3 There is tremendous upside potential we
4 believe as well. We believe HCA sees that.

Health 5 Midwest represents an opportunity for substantial
6 financial benefit to the buyer over time. As a
7 result, Health Midwest was able to achieve an
8 economic outcome which exceeds virtually all
market 9 missions.

10 ATTORNEY GENERAL NIXON: If I could,
and I 11 don't mean to put too fine a point on it. This
is 12 the value in the hands of the buyer, isn't it,
not 13 the value in essence to the community, the
nonprofit 14 system? That's not what you were hired to
analyze, 15 were you?

16 MR. ATCHISON: I'm not sure I
understand 17 the distinction. This is a valuation of what a
-- 18 ATTORNEY GENERAL NIXON: What a buyer
19 would pay.

20 MR. ATCHISON: What a buyer would pay
for 21 these assets, that's correct.

22 ATTORNEY GENERAL NIXON: Which I'm

wasn't a

23 understanding the seller or the community and the

24 benefits they get from the nonprofit system

25 part of your analysis?

1 MR. ATCHISON: Absolutely not.

2 ATTORNEY GENERAL NIXON: You used cold
3 hard cash?

4 MR. ATCHISON: If that's how you want
to describe it, yes.

6 ATTORNEY GENERAL NIXON: It's American.
7 It's a capitalistic society we live in. That's
8 good. We need you.

9 MR. ATCHISON: At this point I will
turn it over to Dick Brown.

11 MR. BROWN: Thank you. Just because
it's cold hard cash, that doesn't mean he isn't a nice
12 guy. Nothing personal, David.

14 Mr. Nixon, I would like to now focus my
15 attention on what we will refer to as the
16 post-closing covenants, a number of the issues

that you mentioned at the outset of your remarks, the
17 obligations that Health Midwest has been able to
18 negotiate with HCA regarding the future operation

of the Health Midwest system of hospitals. These
will be on the slide as we go through them. I will

just refer to them briefly. Obviously if you have
21 questions, please interrupt.

22 For at least ten years HCA will provide

1 indigent and other uncompensated care as Health
2 Midwest has provided during the previous
3 twelve-month period and will continue to
participate
4 in Medicare and Medicaid programs. HCA will be
5 paying --
6 ATTORNEY GENERAL NIXON: This is an
area
7 of contention. On number one real quickly. Why
8 should a for-profit company have the same amount
of
9 indigent care as a nonprofit?
10 MR. BROWN: A large amount of the
indigent
11 care that we provide is a result of where our
12 hospitals are located and the patients coming to
13 us. HCA has accepted the obligation to continue
to
14 meet the needs of that patient population without
15 regard to the change in tax status this
transaction
16 represents. It's a commendable commitment on
their
17 part. It's extended out for a period of time.
You
18 may recall, I believe Mr. Bovender at the
previous
19 meeting indicated ten years isn't really a time
20 limit. He intends for this commitment to be
ongoing
21 for a very long period of time.
22 ATTORNEY GENERAL NIXON: Is there a
base

23 amount for that that you all are working on?

has 24 MR. BROWN: I think that base amount

actually, 25 been running around \$50 million. So that

1 the answer is if you follow this, would be a \$500
2 million commitment to indigent care in Kansas
City,
3 which parenthetically, by the way, is larger than
4 anybody else has made to indigent care in Kansas
5 City.

6 As mentioned by David, HCA has
committed
7 to pay 1 billion 125 million for the operating
8 assets of Health Midwest and additionally
committed
9 a \$450 million capital investment that will meet
the
10 needs for upgraded facilities, equipment and
state
11 of the art technology. HCA has made a very
strong
12 commitment to the future of our individual system
13 hospitals, and frankly, one that exceeds what
Health
14 Midwest would have been able to commit in the
15 absence of this favorable transaction.

16 For at least three years HCA will not
17 close any of the Health Midwest central region
18 hospitals. That includes Baptist Lutheran
Medical
19 Center, Research Medical Center, Research
20 Psychiatric Center. During that same period, HCA
21 will not close hospitals in any other region of
our
22 metropolitan area unless it has constructed new
or
23 replacement hospitals or expanded capacity at an

24 existing hospital.

existing hospital.

25 For at least three years HCA will not

For at least three years HCA will not

1 terminate or materially change any substantial
2 service offered at any Health Midwest hospital,
3 except in connection with the construction of new
4 facilities or expansion of current facilities.

close 5 For at least five years HCA will not

hospital, 6 any emergency room at any Health Midwest
7 except in connection with the construction of new
8 facilities or expansion of current facilities.

maintain 9 For at least ten years HCA will

10 the cultural and religious traditions of each
11 hospital, along with each hospital's existing
name.

by 12 After that time, traditions could only be changed

community 13 the hospital's medical staff board and the

14 being served.

community 15 HCA will establish and maintain

16 boards for each Health Midwest hospital with
17 representatives of the medical staff and business
18 and community leaders. Board composition will
19 represent the racial and ethnic diversity of the
20 community being served by that specific
institution.

21 HCA will implement its diversity
22 initiatives for employment and purchasing
activities

23 for the Health Midwest system. As you heard, a

24 model for health care organizations nationally.

25 HCA will offer employment to
essentially

that 1 all current Health Midwest employees at wages
2 are at least comparable to the employee's wages
3 before the transaction's closing. Benefits will
be 4 the standard HCA benefits, and HCA will credit
all 5 existing employees with their seniority in the
6 Health Midwest system for purposes of benefit
7 contribution in the HCA benefit structure.
8 HCA will maintain the medical staff
9 membership and clinical privileges of all
physicians 10 in good standing at Health Midwest hospitals.
And 11 HCA will implement the electronic medication
12 administration safety systems and electronic
13 physician order entry systems described to you by
14 Dr. Starks, including the bar code confirmation
of 15 medication administration at the Health Midwest
16 hospitals.
17 ATTORNEY GENERAL NIXON: When you say
--
18 back on the slide before. When you say
essentially 19 all employees, that's a defined term in the
20 document, isn't it?
21 MR. BROWN: Right.
22 ATTORNEY GENERAL NIXON: Can you give
us 23 -- you say, "essentially all." What do you mean
by

24 that?

HCA 25 MR. BROWN: The original proposal of

1 was to employ all of the employees with the
2 exception of the employees that have an
employment
3 agreement. That has evolved to a circumstance
where
4 I will be the only employee that will
definitively
5 be leaving Health Midwest should the transaction
be
6 closed.

7 The sale of Health Midwest to HCA we
8 believe, our board believes, is a very positive
9 development for our overall community. We
believe
10 that it will provide resources that ensure the
11 long-term viability of all of the Health Midwest
12 entities in continuing to provide quality care to
13 Kansas City and the surrounding regions. We
believe
14 that it will ensure access of quality care far
into
15 the future.

16 Excuse me. Somebody's lid just rolled
17 down the aisle here. He is probably not through
18 talking to you.

19 ATTORNEY GENERAL NIXON: Everybody else
20 would have left but the guy that has to count
21 stuff. The same number of lids that you came
with.

22 MR. BROWN: This transaction we think
23 provides an unparalleled infusion of capital into
24 our system, but particularly into the urban core,

which is so critically important. And it makes

1 millions of dollars available in new
contributions
2 to the tax base to support area municipalities,
3 school districts and economic development, again
4 largely in the urban core.
5 And finally, it results in the creation
of
6 what has been estimated to be an \$800 million
7 foundation or foundations, depending on which
state
8 we are in, for the benefit of the communities in
9 which we live.
10 ATTORNEY GENERAL NIXON: Or how much
money
11 gets spent on lawyers on this lawsuit.
12 Give us a second on the unparalleled
13 infusement of capital into the urban core.
14 MR. BROWN: Right. I described to you
15 the -- sort of the distribution of our system and
16 the capital needs that we've got, the capital
17 spending we've been doing, the depreciation
ratios
18 that have been unfolding. The largest amount of
19 that depreciation is occurring in, just from an
20 asset-based perspective, in our hospitals that
are
21 located in the urban core: Research, Research
22 Psychiatric Center and Baptist Lutheran.
23 It is logical to conclude that the
place
24 where the biggest investment of that capital will

in

25

therefore occur are in those facilities that are

1 the urban core. The hospitals --

2 ATTORNEY GENERAL NIXON: Although it's
3 logical, it's not specifically a part of the
4 covenants?

5 MR. BROWN: No. There has not been a
6 definitive obligation created to invest in a
7 particular hospital. HCA will have the freedom

to

8 assess the needs and to place its investments in
9 those sites where the need is greatest and the
10 benefits will be the most significant.

11 If I may --

12 ATTORNEY GENERAL NIXON: It wouldn't
13 affect your analysis of this particular deal

where

14 they spent that. It's up to them in essence?

15 MR. BROWN: It's their choice. The
16 additional thought that I might offer in that

regard

17 is Menorah Medical Center in Johnson County is
18 essentially a brand-new facility. Its capital

needs

19 are therefore somewhat lower than the hospitals

in

20 the inner core. Eastern Jackson County has a set

of

21 needs, probably roughly equivalent to those of

the

22 urban core, but the base is not as large.

23 That leads to my conclusion that the

24 primary infusion of those capital investments

will

likely be expected to be in the urban core.

next
of
Midwest
like

1 If I may now, Mr. Nixon, turn to the
2 portion of the presentation dealing with the
3 proceeds. I would like to introduce the chairman
4 the board of Health Midwest, Mr. Bernard Erdman.
5 Mr. Erdman has been a long-serving member of the
6 board of Menorah Medical Center and Health
7 and currently serves as our chairman. I would
8 to introduce Bernard Erdman to you.

topic
about,
that

9 MR. ERDMAN: Mr. Nixon, good evening.
10 What I have to talk about is not as a mature a
11 as some of those that you have already heard
12 because of the fact that the primary focus up to
13 this date has been on the transaction. Knowing
14 any plans for a foundation or proceeds from the
15 transaction would not be necessary unless the
16 transaction actually took place, that's where the
17 primary emphasis has been to this point.

would
the

18 Health Midwest recently proposed a
19 structure for a new foundation for the sale
20 proceeds. We felt we needed to get something
21 forward to which the community could react. I
22 say that this is very much a work in progress at
23 present time. I think that while that may not be

accurate 24 too welcomed a phrase right now, it is an
25 phrase in terms of describing where we are.

your 1 ATTORNEY GENERAL NIXON: I appreciate
2 malleability on that.

3 MR. ERDMAN: Thank you. The Health
4 Midwest board, both before our proposal and
after, 5 has been listening to the communities
traditionally 6 served by our hospitals and organizations. Since
7 our proposal appeared publicly, we have had
dozens 8 of municipalities, interest groups, civic and
9 community groups as well as elected officials and
10 other individuals contact us with their
11 recommendations, resolutions, suggestions,
alternate 12 plans and in some cases demands for the
foundation's 13 structure. This has come by letter, by
telephone, 14 by e-mail, by personal visits and by Pony
Express.
15 There have been scores and scores of
these 16 ideas set forth, and unfortunately, most of them
are 17 in conflict with one another. That being said,
we, 18 the board of Health Midwest that I represent, are
19 listening and quite honestly we are learning from
20 this input and from these public hearings. I
would 21 fully expect that what we are learning and the
input

22 we're receiving from everyone here and other
23 multiple sources and interested parties will be
24 woven into our proposed plan.

25 With regard to the foundation's common

reflects 1 ground, we know for certain some things. We will
2 ensure a board and staff composition that
3 the communities served. They will be diverse and
4 inclusive.

a 5 A needs assessment is crucial to the
6 process, and I will talk more about that in just
7 moment.

mirror 8 And the foundation's purposes will
9 Health Midwest's purposes since its inception in
to 10 1991. That purpose is to care for the sick and
11 carry out research and teaching and to foster the
on 12 health of the community and to engage in, carry
13 and conduct activities to promote or assist in
14 promoting the good health of the community. In
community. 15 short, it is to support the health of the

that I 16 With regard to the needs assessment
with 17 referenced a moment ago, our plan would be that
-- 18 the help of a process to capture community input

19 ATTORNEY GENERAL NIXON: That's not the
20 exact reading of the purposes, your summation?

21 MR. ERDMAN: Yes, sir, it is.

22 MR. ATTORNEY GENERAL: It is an exact
23 summation?

24

MR. ERDMAN: A summation.

25

With the help of a process to capture

the

1 community input, the foundation would perform a
2 comprehensive needs assessment. It is our
feeling 3 that the needs assessment could and most likely
4 would lead to some of the items that you see,
areas 5 that you see before you.
6 Charity and uncompensated care, which
by 7 the way is a main concern as seen -- I think it's
8 safe to say is a priority by most of the people
who 9 have spoken at these public hearings.
10 In addition to that we feel what would
be 11 identified in the needs assessment would be such
12 areas as clinics, nurse schools and churches and
13 other locations where the need might exist,
14 comprehensive screenings, alcohol and substance
15 abuse programs, community health service centers,
16 mobile health care, health related job placement
17 programs and health and wellness education. I'm
18 sure that the needs assessment will identify many
19 more areas, but these are prime examples.
20 With regard to the commitment to these
21 objectives we have, as I said earlier, proposed a
22 structure that creates and uses regional
23 grant-making committees that reflect communities
24 traditionally served by Health Midwest. Through
the 25 utilization of these regional grant-making

1 committees and a community advisory committee
2 concept we would hope to address the needs of the
3 central region of Kansas City, the eastern region
4 and what we're defining as the Kansas region.

5 Throughout the course of this process,
as

6 I think Dick has already stated, it would be our
7 intention to be talking with and working closely
8 with both attorneys general to be sure that the
9 interests of both states are protected. Thank
you.

10 MR. BROWN: We engaged physician
11 leadership from across our system in the process
of
12 studying the possibilities that we have described
to
13 you here tonight.

14 In our remaining time, Mr. Nixon, with
15 your indulgence, I would like to invite Dr. Dean
16 Mundhenke to come to the microphone. Dr.

Mundhenke
17 is a practicing physician that now is engaged
with
18 the leadership of a very large physician
19 organization in Health Midwest and was an active
20 participant in each step of the process that we
21 followed. Dr. Mundhenke.

22 ATTORNEY GENERAL NIXON: While the
doctor
23 is coming down. When this part of the program
24 hearing is completed, we will then begin the
public

41

1 list -- ten or fifteen minutes more. I
understand.

2 I want to make sure everybody knew that Tonya is
3 over here (indicating). If anybody who has not
had

4 a chance to sign up and check in, see her over
5 there. If you wish to make comments at any
6 particular point, she would be be a gatekeeper
7 towards the microphone.

8 But that being said, Victor Callahan,
9 Bishop Tolbert and Senator-Elect Paul LeVota
should

10 be ready to be the first three when we start --
when

11 the time is completed.

12 MR. BROWN: We are on schedule. We
will

13 be ready.

14 DR. MUNDHENKE: Thank you, Dick. Mr.
15 Attorney General and members of the community.
It's

16 good to be back home. I practiced medicine in
the

17 Independence and Blue Springs area for about 20
18 years.

19 About two years I became a leader of
HMCC,

20 which is a organization involving close to 2100
21 physicians that does direct contracting with
22 businesses, and we attempt to provide high-
quality,

23 cost-effective care by reducing the
administrative

companies. 24

costs normally associated with insurance

25

We are successful and we have been sponsored by

1 Health Midwest.

2 Because I am in this position I have
been

3 contacted frequently by physicians. In fact,
that's

4 part of my job, and I estimate those contacts to
5 number in the hundreds relative to this
particular

6 endeavor. And I'm sure there are some physicians
7 who oppose the sale of HCA to Health Midwest, but
I

8 didn't hear from them. And there must be some
out

9 there, but they never contacted me.

10 My conclusion, based on the calls that
I

11 received --

12 ATTORNEY GENERAL NIXON: If you need
some,

13 I've got a couple.

14 DR. MUNDHENKE: Very good. I'm just
15 reporting my findings. That physicians in
general

16 are overwhelming in favor of the opportunity to
17 provide an even higher level of care to the
18 community and in general are supportive of the
sale.

19 I was asked to look at several
hospitals

20 involving both Tenant and HCA and want to briefly
21 relate my experience. It's sort of difficult to
22 give you every detailed list, so I'm going to
give

23
observations.

you some impressions really and some

24

The single most telling experience was

25

and

that when I was in the HCA hospitals in Denver

1 we met with their physicians and board members,
2 after the introductions, the HCA administrative
3 people, Jack Bovender, Sam Hasen, left the room.
4 They didn't supervise the discussion, the
physicians
5 weren't prepped and they allowed us complete
access
6 to them, asking them very difficult questions.
7 In fact, some of the physicians that we
8 talked to actually weren't really sure why they
were
9 there, and we sort of had to say, "Well, we're a
10 Health Midwest system. We're trying to figure
out
11 if HCA keeps their promises."
12 And none of the doctors said that
things
13 were absolutely perfect. And I suppose if they
did,
14 we would have been quite suspicious, but every
one
15 said that the hospital's ability to provide care
was
16 markedly improved, relations were better, nursing
17 issues were being addressed and the community was
18 better served. In short, HCA seemed to have kept
19 their promises.
20 An interesting side point was when we
21 visited Rose Medical Center, which is a Jewish
22 hospital in Denver, the physician that was head
of
23 the medical staff there indicated that in the
past

with
24 physicians were organizing actually their own
25 hospital and going to build or compete directly

1 Rose Medical Center. After HCA came onto the
scene,
2 the physicians began to notice that the culture
and
3 tradition of Rose began to resemble the facility
4 they had previously been loyal to years ago.
5 One of the medical staff members who
was
6 the most disgruntled was asked by the chief of
7 medicine at a benefit dinner, "What do you think
8 now?" And the physician actually turned to him
and
9 said that Rose was more Jewish now than it ever
had
10 been previously. I thought that was sort of a
11 telling comment. That hospital now delivers as
many
12 babies a year as almost any facility in the state
of
13 Colorado.
14 I toured the hospital floors with the
HCA
15 representatives, Mr. Bovender and Hasen, and what
16 struck me was that these weren't Wall Street
17 investment bankers showing me their latest price
18 acquisitions. They were health care people who
had
19 come up in health care systems, that they had
been
20 hospital administrators, that they had worked on
the
21 floors and they had good rapport with the people
on
22 the floors, whether it was nursing, janitors,

23 technicians, whatever.

24 Lastly, I witnessed concern for
providing

25 health care services that were probably not

1 profitable. When you talk about vulnerable
2 patients, probably the most vulnerable are the
3 premature infants in the neonatal intensive care
4 unit.

5 At Presbyterian St. Luke's in Denver I
met
6 with several of the physicians there, and they
7 indicated that despite the fact that a large
share
8 of the preemies were uninsured or Medicaid, that
HCA
9 was in fact expanding the program and now was
10 touching lives in four states. On that note I
would
11 say that HCA appears to be the company that they
say
12 they are.

13 On a more personal note though, and
this
14 is just me talking as a member of the community.
I
15 know you've heard from multiple constituencies
16 concerned about many issues. Some of them are
very
17 important. My biggest concern is really not what
18 happens if Health Midwest is sold to HCA, but
really
19 what happens if Health Midwest is not sold to
HCA.

20 At a time where there are increasing
21 challenges in health care, the State of Missouri
has
22 a \$300 million deficit, budget deficit, numerous

23 municipalities are facing budget shortfalls,
24 increasing needs for charitable foundations
exist.
25 I would be so concerned, as you listen to
everyone,

would 1 that so many restrictions are being placed or
HCA 2 be placed on the sale that in the end the
 3 transaction is diminished or so restricted that
 4 might walk away from this, the opportunity to
 5 advance the quality of health care is squandered,
 6 the new tax revenue from HCA is not realized.
-- 7 ATTORNEY GENERAL NIXON: What kind of
 8 DR. MUNDHENKE: The \$800 million
 9 charitable foundation is dramatically reduced or
eastern 10 vanishes before our eyes. As a taxpayer in
 11 Jackson County, it's just my personal comment. I
 12 think in that event I might have even more
concerns 13 and questions than I do now.
 14 ATTORNEY GENERAL NIXON: What kind of
 15 things do you think I might do to mess it up?
 16 Seriously.
 17 MR. BROWN: No comment.
 18 ATTORNEY GENERAL NIXON: You say the
 19 actions of state regulators are going to somehow
 20 negatively affect this, even if it's approved. I
 21 mean, I'm hearing this, and want you to qualify
 22 those.
be 23 DR. MUNDHENKE: I'm just asking you to
 24 cautious in terms of your -- I appreciate the
public

don't

25

review. And I just would be cautious that we

1 overstep this so far that the golden goose
leaves.

2 ATTORNEY GENERAL NIXON: No.
Specifically

3 what would we do?

4 DR. MUNDHENKE: I would have to say it
5 doesn't have anything to do with public hearings.
6 Public hearings are fine.

7 ATTORNEY GENERAL NIXON: Seriously. If
8 you want to give me advice, Doc, I will take
advice,
9 I mean, if there is something I could do that's
10 going to mess this up.

11 DR. MUNDHENKE: Well, I hope there
isn't.

12 Thank you very much.

13 MR. BROWN: Thank you, Dr. Mundhenke.
Mr.

14 Nixon, our last speaker is Mr. John Walker. John
is

15 a long-term leader in the health care field in
16 Kansas City, a good friend. And I would like to
ask

17 John to please come forward to the microphone at
18 this time.

19 MR. WALKER: Thanks, Dick. I would
like

20 to give you a different perspective, Attorney
21 General Nixon. Don't hold -- I used to work for
22 Blue Cross and Blue Shield, and they filed a
23 lawsuit.

24 ATTORNEY GENERAL NIXON: I get sued all

1 MR. WALKER: Yeah, I understand.

sued 2 ATTORNEY GENERAL NIXON: I have been

3 50,000 times since I've been here. Just never
4 within the middle of a transaction, especially
5 within a few days of getting a letter from Dick
6 Brown saying, I understand we need to develop a
7 process and outcome consistent with the statute
8 adjudged by you and your office, and we will work

to

9 improve communications with you to enable your
10 thorough and comprehensive review. I generally
11 don't consider getting served a process as part

of

12 that. I am not proud of what I do. I'm a

lawyer.

13 Lawsuits, I live with them.

14 MR. WALKER: I can't speak to that. I

at

15 just want to make sure that my past performance

happens

16 Blue Cross didn't have any bearing on what

17 in this transaction.

Shield

18 I worked with Blue Cross and Blue

19 of Kansas City for approximately 28 years, and we

20 became partners of Health Midwest in about 1991.

I

21 saw the system that Health Midwest built when we

22 first started working together as partners.

There

23 were essentially two hospitals in the system.

There

grow 24 was Research and Research Belton. And I saw it
the 25 from the standpoint of its board, the employees,

poor

And

22 were trying to compete with Health Midwest were
23 building things around freeways and new
24 institutions, Health Midwest acquired a lot of
25 hospitals into that system and they lost money.

would 1 essentially from a charity care standpoint I
name 2 venture to guess that some hospitals, I won't
care 3 because they are customers of mine, but charity
less 4 and Medicare in some of those areas is close to
5 than five or six percent.
you're 6 When you're in the inner city and
Independence 7 dealing with Research and Baptist and
to 8 Regional and things of that nature, you're going
not 9 get a lot more charity care to deal with, you're
10 having to worry about getting out to the freeway.
11 So in that process they did acquire all those
12 institutions. In fairness to them, they built a
13 \$1.2 billion system.
hard 14 Again, a lot of it has been through
And 15 work of nurses, physicians, janitors and so on.
required. 16 now it's time that the capital is really
because 17 I am sad to see that they are having to sell
that's 18 of the access to capital, and it's something
19 truly required.
20 I have an information technology
21 background, and I remember working with Health

22 Midwest and others on several hundred million
23 dollars for the infrastructure computer systems.
24 HCA is going to bring that, they develop that.
25 So part of the efficiencies and things

51

be a 1 that are going to be gained from it is going to
2 benefit. The processes, they are going to buy
3 better than Health Midwest. I mean, they have
188 4 institutions to deal with, and they are not going
to 5 have to be a buying coalition. They are going to
6 buy better. They are going to manage
efficiencies. 7 So therefore, they are going to make a profit
sooner 8 or later in this enterprise.

9 And yes, they are probably spending
more 10 money than when I saw the Ponder evaluation, but
the 11 bottom line is this is something that I believe
12 should really be done. The bad thing is, the
folks 13 that I worked with over the last fifteen years,
14 namely Dave, won't be around. Thank you.

15 MR. BROWN: Mr. Nixon, that completes
our 16 presentation. I appreciate the opportunity you
17 provided us. If there are questions of us, we
will 18 try to respond. Otherwise we will sit down and
19 listen.

20 ATTORNEY GENERAL NIXON: Thank you very
21 much for your presentation tonight. I think that
we 22 will let the others have their moment also, and
look

23 forward to dealing with you guys through your
24 lawyers, I guess.

25 All right. Victor Callahan. On deck

is

1 Bishop Tolbert, in the hole is Paul LeVota.

2 MR. CALLAHAN: Mr. Attorney General, I

3 just wanted to express our deep appreciation to
you,

4 sir, for the open, honest process that you have

5 conducted, particularly for the citizens of
eastern

6 Jackson County, and your willingness to listen to

7 our concerns.

8 And it is with that in mind that we
were

9 particularly shocked and appalled today to learn
of

10 Health Midwest's decision to sue our Attorney

11 General for having open meetings. I thought it
was

12 particularly reprehensible that they tried to
move

13 the time frame of this from 30 days to seven
days.

14 And I would wonder -- I guess, those
who

15 are usually opposed to scrutiny usually have

16 something to hide. And I wonder if it has
something

17 to do with maybe some of the golden parachutes
that

18 are involved with some of the board members and

19 those sorts of things.

20 And it is our hope that whatever we can
do

21 to assist you to keep this process open and have
a

22 thorough scrutiny of this matter, we will

certainly

23 be prepared to help you, sir. And we, again, are
24 very appreciative of this open process.

25 I come tonight to speak on behalf of
Mayor

1 Stewart's proposal for eastern Jackson County in
2 particular, but the entire issue of the Health
3 Midwest sale to HCA. Our request covers two
4 distinct aspects of the transaction: the
5 distribution of the proceeds and the post-sale
6 operation of Independence hospitals' facilities.
7 Number one, The Distribution of the
Sale
8 Proceeds, The Suburban Kansas City Plan. We
believe
9 it is incumbent to identify a share of the sale
10 proceeds belonging to Health Midwest eastern
11 region, and we believe this figure is roughly
12 around \$264 million. And that we earmark those
13 funds for use in eastern Jackson County as
follows:
14 a 25 percent into a metropolitan wide fund and 75
15 percent deposited in the Truman Heartland
Community
16 Foundation.
17 Secondly, the post-sale operation of
18 Independence hospitals' facilities must be
19 maintained. HCA must commit to maintaining a
20 hospital in Independence for ten years. HCA must
21 commit to improving the nurse-patient ratio to
22 enhance patient care. And if HCA elects to close
23 either or both hospitals in Independence, within
ten
24 years HCA must build a new hospital in
Independence
25 equal to or better than present facilities in

both

1 size and level of services. HCA must also commit
2 sufficient funds to enable a retrofitting and
reuse of any vacated properties.

3
4 Again, Mr. Attorney General, we call
upon you to protect the interests of the citizens of
5 Missouri, and I know you in your career have
6 demonstrated a strong commitment to that. And we
7 know that we can count on you to see to it that
this process remains open, honest and aboveboard.
Thank you, sir.

11 ATTORNEY GENERAL NIXON: Victor, if you
12 have written comments, if you want to put them as
13 part of the record.

14 Next up is Bishop Tolbert, then Paul
15 LeVota and then Al Tikwart next after that.

16 MR. TOLBERT: Good evening, Mr. Nixon
and to this body of citizens. As the president of
the Coalition of Concerned Clergy, we've been meeting
18 here and talking, we're very concerned about
19 indigent care. And one of the things that they
20 mentioned was there was a dollar amount fixed
that HCA said they would maintain that dollar amount.
As we all know, health care costs are rising every
23 day. And so rather than a flat dollar amount, we
24

overall 25

would like to see it be a percentage of the

1 gross income.

2 In talking to Mr. Jack Bovender I think
3 that the clergy has pretty much been convinced

they

4 are a reputable company and they do stand by

their

5 word. And we're not necessarily opposed to the

6 sale, but we would like to make sure that

indigent

7 care is kept at a level that no one will be

turned

8 away.

9 Then I have a question that I wanted to

10 ask and you may address this a little later. I

do

11 have a Bible study I have to get to, so I will be

12 leaving in a little bit. Will HCA get any tax

13 abatements during this sale? And I don't know if

14 you can address that now or if that is something

15 that is part of the package?

16 ATTORNEY GENERAL NIXON: I'm not aware

of

17 any. Health Midwest may know. I don't know of

any

18 tax abatements that are established.

19 MR. TOLBERT: Okay. And as a last

point,

20 Health Midwest has suggested that the present

board

21 of Health Midwest be kept and that they add nine

new

22 members. Now, we looked at that. Of course, any

23 board that is lopsided, we already know what the

24 outcome is going to be.

25 Since the Health Midwest board has

to 1 basically not provided the leadership necessary
2 continue the process of the hospitals as they
3 already are, we would rather there be maybe some
work 4 advisory board members, two or three kept, to
5 with a new board that would be set up by the
6 Attorney General and those community efforts that
--
7 or community participants that would help to
guide.

8 If those who are on the Health Midwest
9 board are truly community minded, we should be
able 10 to find some of them who would stay to help
11 guide,
12 but we think that a new board that be guided by
our 13 Attorney General would be a much better servant
14 to
15 the community. Thank you.

16 ATTORNEY GENERAL NIXON: Paul LeVota,
17 who
18 has been elected from this area next, then Al
19 Tikwart, then Frank Thompson.

20 MR. LEVOTA: Thank you. My name is
21 Paul
22 LeVota. I'm the state representative-elect from
the 52nd District. Welcome to the 52nd District. I
23 thank you for holding this hearing in this
24 location
25 for the citizens of eastern Jackson County so we
26 have the opportunity to state the views that

concern

23 the future of health services in the eastern
region.

24 The 52nd District includes southeast

25 Independence, south Kansas City, Unity Village
and

all 1 Lee's Summit. The citizens of the area turn to
2 three Health Midwest hospitals in eastern Jackson
3 County for their medical needs. Many of our
4 families have used these services for emergencies
5 and other uses. Both my daughters were born at
MCI, 6 which is located in the 52nd District.

7 My testimony today is short, to the
8 will echo some of the concerns you've heard
9 and will hear again. I wanted this opportunity
10 again stress these important points to our
11 community. I'm here as a representative of the
12 people to ask you to consider the following two
13 points as you deliberate the decision.

14 It was asked before why the sale is
15 for Kansas City. I would ask you to ask: Why is
16 the sale good for the people of eastern Jackson
17 County?

18 My two points are this. First, it's
19 important that there is a guarantee that the
quality 20 and scope of hospital services continue in
21 Independence and eastern Jackson County.
Hospital 22 services should remain convenient and local to
all 23 parts of eastern Jackson County, and part of that
is

24 the level of service through proper staffing.

25 The needs of the northern part of

1 Independence differ from the needs of newer
2 communities in south Kansas City and Lee's
Summit.
3 Consolidation of Independence Regional, MCI or
Lee's
4 Summit Hospital would be harmful to seniors and
5 working families through this region. Hospital
6 presence should provide services to all parts of
the
7 52nd District and eastern Jackson County.

8 Second point. It's important that the
9 proceeds of the sale of Health Midwest should be
10 divided in a manner that recognizes the value to
11 assets that were generated by the people of this
12 region. If there are three -- if the three
13 hospitals in this region make up one-third of the
14 revenue to the Health Midwest system, it's simple
15 math, that one-third of the proceeds should be
16 dedicated to the eastern Jackson County region.

17 I strongly support the Independence
18 mayor's proposal where one-fourth of the region's
19 portion would be contributed to overall metro
20 foundation and the remaining portion would be
21 dedicated to the needs of our area.

22 I ask that you take into consideration
the
23 unique and important needs of the eastern Jackson
24 County area. If these concerns cannot be met and
25 guaranteed by both HCA and Health Midwest, I
would

1 urge you to turn down this request. Thank you
for 2 your time.
3 ATTORNEY GENERAL NIXON: Al Tikwart and
4 Frank Thompson, then George Hoech. I will see my
5 optometrist the day after Thanksgiving. Go
ahead.
6 MR. TIKWART: Mr. Attorney General,
thank
7 you. I'm Al Tikwart. I'm a citizen in Kansas,
but
8 I feel I'm a citizen of the metropolitan area,
and
9 that's where I'm coming from today. I've been
10 interested in health care for over 30 years. I
told
11 you last week -- well, the attorney general of
12 Kansas -- it started as a negative thing.
13 ATTORNEY GENERAL NIXON: My eyes are
bad.
14 If you can't tell a difference between me and
Carla
15 Stovall.
16 MR. TIKWART: Sir, I want to
congratulate
17 you for a couple things. Number one, we have a
18 beautiful facility that can hold everyone. We
don't
19 have a room that has 80 people in it. Number
two,
20 you don't put a little light here that gives you
21 five minutes.
22 ATTORNEY GENERAL NIXON: Isn't there a
guy

23 standing right behind you?

24 MR. TIKWART: I'm in a hurry.

25 ATTORNEY GENERAL NIXON: Right there.

1 MR. TIKWART: Let's get moving on this.
2 But seriously, this is America. It's a land of
the
3 free, and something this important takes more
than
4 just a few minutes or a few days. Okay.

5 Kansas City is about to experience a
6 conversion of 35 percent of its hospitals from
7 nonprofit to profit. Even though Health Midwest
has
8 had some tough years, the management and board
has
9 created a system that is being sold for nearly
two
10 times premium. And I'm using Wall Street's
EBITDA
11 at 637 is the figure I used to arrive at two
times
12 the premium.

13 This asset is going to have an enduring
14 value to our community. When you think about it,
15 this achievement is going to rank alongside major
16 community treasures: The Stowers Institute, the
17 Kauffman Foundation, the Greater Kansas City
18 Community Foundation, and all of these provide
19 enduring value, both present and for future
20 generations.

21 Now we should take the same approach
when
22 considering the most beneficial use of the 800
23 million in net proceeds to be generated by the
sale

24 of H.M. to Hospital Corporation of America.

25 We should also plan for the unexpected

1 should HCA melt down in whole or in part, leaving
2 the community with an inadequate health care
3 delivery system. While Wall Street expects a ten
4 percent return, or 150 million per year, present
5 earnings are a negative 12 million. Now, this
came
6 from the Business Journal.

7 I went on your website today.
8 Unfortunately, I'm on a phone line. I don't have
9 the high speed. I congratulate you for putting
all
10 of this data there so anyone and everyone can see
11 it.

12 When we have fewer nurses, less
13 management, shuttered facilities, less indigent
14 care, higher costs are because of HCA's
experience.

15 As a prudent person, I propose planning for the
16 unexpected by dedicating 25 percent, or 200
million,

17 for a reconstruction fund to be held for ten or
18 years which could help save a part or the whole
19 system. This excess earnings, after a three
percent
20 inflation keeper, could be used for other health
21 needs.

22 And I'm going to digress a minute from
my
23 talk to talk about WorldCom. They said we have a
24 pipe, and let's say this pipe is a mile long, and

you other companies come with us, this is a big

in 1 pipe. You can all fit in. Technology has come
2 and made that pipe 32 miles long because light is
different 3 made up of different colors, and on those
4 levels you can put more calls. Then, technically
Louis 5 you can do this 632 times or stretch from St.
6 to Hutchinson, Kansas.
7 You know, we don't know what is going
to 8 happen in health care. I did a fast figure when
I 9 was on the President's Council on Wage and Price
40 10 Stability working on some figures. It was about
11 percent hospitals were of the pie. I made a
little 12 fast calculation, and it looks like it's about
ten 13 percent in this community. So think about that
14 pipe, think about WorldCom. And what you believe
not 15 today is true, might be true some -- whatever,
16 be true tomorrow. So we need to be prudent.
17 Number two. We need to release the
from 18 nonprofit foundations operated by H.M.'s board
19 their control so that foundations could continue
20 their hands-on giving of health care to the
21 community they know best.
five 22 Third, I would create an endowment of

23 to ten million for a governance and leadership
diversity 24 institute. Organizational values such as
25 and transparency could be taught so we can be

1 ethical and effective stewards of the community's
2 resources. Also, this institute could help other
3 nonprofits in the Kansas City area and probably
4 could help a few for profits also.

5 Allocating two-thirds of the remaining
6 proceeds, interest generated, to sustained
7 education, disease preservation and direct care
in
8 the metro area, but one-third of the investment
9 income from the remainder can help fund the
vision
10 of life sciences.

11 I was really struck the other night in
12 that long meeting where the inner city ministers
13 said, We have more diabetes, we have more high
blood
14 pressure, we have more heart problems, more
misery
15 and more grief. But just think about it, one
home
16 run in life sciences, like a polio vaccine or
sickle
17 cell anemia, it could help not only the inner
city
18 but all of us and reduce that burden of disease
for
19 us all.

20 This city could be a model as
21 go to for-profit, health care conversions take
place
22 across the country. The best thing in Kansas
City

23 comes from a vision that looks to the future. We
24 cannot afford to be shortsighted or parochial in
25 this once in a lifetime public benefit.

1 And I want to just take one second and
2 say, this is not a Kansas issue, this is not an
3 eastern Jackson County issue, this is a community
4 wide asset and a community wide issue. We're in
5 this thing together. I really thank you for this
6 time, and I really appreciate this opportunity.
I wish us all well.

8 ATTORNEY GENERAL NIXON: Next up is
Frank Thompson, then George Hoech, then we'll hear from
9 Carol Jean Mace.
10

11 MR. THOMPSON: Good evening, Attorney
12 General Nixon. I thank you for allowing the
health department the opportunity to speak this evening.
13 First, my regrets from Dr. Archer. We had hoped
14 that he would be available to provide this
15 this evening, but he is not, so I am here to
testimony in his stead.
16
testify

17 On the set of slides that I have just
laid in front of you are the substance of my
18
19 There will be written comments from Dr. Archer
testimony. that
20 will follow immediately following the
21 holidays. And basically what we want to --
Thanksgiving

22 ATTORNEY GENERAL NIXON: They are going
23 to

24 make you work on Thanksgiving too?

tough 25 MR. THOMPSON: No. He is not that

1 of a boss.

2 The essence of what we want to look at
3 really kind of assumes that the sale is going to
4 through, and really the bulk of our comments are
5 addressed to the foundation that will be created
6 of that sale and the potential benefit that the
7 community can derive from that sale.

8 On the first page of the slides that I
9 handed you there is one that talks about what
10 kills people. A lot of us are used to looking at
11 the traditional cause of death slides that talk
12 about heart disease, cancer, stroke, emphysema,
13 diabetes and the such, but this is a slide that
14 like to also present that looks at what are the
15 underlying causes.

16 And if you look at what is the number
17 underlying cause, it's tobacco, which accounts
18 approximately 19 percent of our deaths annually,
19 followed closely by diet and inactivity, accounts
20 for 14 percent. Then we go into alcohol, motor
21 vehicles, sexual behavior, firearms, illegal
22 toxic agents and infectious microbes. So when we
23 talk about what is really impacting our health,
24 sometimes important to get away from the clinical

go

out

really

we

one

for

drugs,

it's

1 underlying issues.

2 The next series of slides that I am

going 3 to speak on are actually taken from a

presentation 4 that was done two weeks ago by Dr. Robert St.

Peter 5 at our third annual public health forum. This is

6 something we started three years ago as a way of

7 trying to get community messages out on key

public 8 health issues.

9 Our first forum was Larry Garrett, who

10 talked about the proliferation of weapons of mass

11 destruction around the world and the fact that a

lot 12 of contagious diseases that we read about

overseas 13 are just 24 hours away from our doorstep. Boy,

and 14 behold what is on the headlines now.

15 A year ago we had Dr. Berlincus, who

has 16 been intimately involved in some of our previous

17 weapons inspections efforts in Iraq. He talked

also 18 about this whole issue of bioterrorism and the

19 threats to our country. A very timely

presentation 20 last year. This year we had Dr. St. Peter speak

on 21 social determinants of health. I think, again,

it 22 was a very timely presentation.

23 He once again looks at this issue of
24 health, and a lot of times when we talk about
25 health, especially with the human genome project,

the 1 there has been a lot of emphasis on genetics as
ills. 2 magic bullet that's going to cure our health
An 3 What he has done is taken a look at that and that
the 4 genetics is actually only one piece of the pie.
we 5 even bigger piece of the pie, more than half of
second. 6 pie, deals with our behaviors as a society and as
7 individuals and the social environments in which
8 live. Coming to end the environmental impacts on
9 our health. I will come back to those in a
10 The next slide deals with U.S. health
study 11 outcomes better in some cases. This is from a
12 that was done by the Organization for Economic
international 13 Cooperation and Development. It's an
14 body with over 30 member countries. This
particular 15 study dealt with the 19 developed members that
16 includes the United States, Canada and most of
the 17 western European nations.
fares 18 And the good news first. The U.S.
expectancy 19 better on some health outcomes. Our life
20 is approaching 80, which is one of the best in
the 21 world. The survival of very low birth weight

the 22 infants in this country is among the highest in
23 world. Survival after a heart attack and breast
24 cancer is among the best in the world. Waiting
time 25 for complex medical procedures among the best in
the

1 world. Availability of high technology services,
2 again, among the best in the world.

3 Now the bad news. We can look at how
we
4 rank against some of the 19 industrialized
nations
5 in things like infant mortality. In the years
that
6 this study has been done we rank between 18 and
19
7 among those 19 nations. Overall mortality rates
for
8 individuals between 15 to 59 years old, we rank
9 ninth, and injuries we rank 15, between 15th and
10 16th. Overall mortality from communicable and
11 perinatal disease, we rank 18th.

12 Health care expense, whether you look
at
13 it on a per capita basis or you look at it as a
14 percentage of GNP, we spend more than anybody
else
15 in the world. When you look at it as GNP per
16 capita, we spend more than anybody else in the
17 world. In fact, we spend more than twice as much
18 per capita than other industrialized countries.

19 ATTORNEY GENERAL NIXON: Do you ever
get
20 to any good news in this presentation?

21 MR. THOMPSON: Hopefully at the end.

22 In fact, Americans spend one out of
every
23 \$7 on health. That's 13 percent of our gross

24 domestic product for the year 2000. Health care
question: 25 costs are still on the rise. So we ask a

1 How much is enough in terms of pumping dollars
into
2 the magic bullet, the search for the magic
bullet.
3 What should we be expecting for our investment
in
4 health care dollars?
5 Well, Dr. St. Peter did an analysis of
6 when you look at those things that influence
health
7 that we have begun to document are actual
influences
8 on health and how it compares on how we spend our
9 dollars nationally, it doesn't stack up. When
you
10 look at genetics and access to care combined,
they
11 account for 30 percent of our health outcomes.
Yet
12 they account for 88 percent of our national
health
13 expenditures. Meanwhile, the social and behavior
14 factors that account for over 50 percent of our
15 health outcome only account for four percent of
our
16 national expenditures.
17 So in terms of this foundation, I think
we
18 would suggest that this represents a real
19 opportunity to look at health at the grass-roots
20 level, at interventions that are proven to impact
21 social, environment as well as individual
behavior,
22 but Dr. Archer often talks about this whole issue

of

23 research. We're not necessarily opposed to money
24 going into health research. It's a matter of how
25 you define research.

research 1 Dr. Archer also often talks about
of 2 as a three-legged stool where you've got one leg
research 3 that stool that's the traditional hard-core
4 and pharmaceutical development, which in this
Then 5 country is vastly overfunded and overworked.
6 you have another leg of that stool that is the
7 transfer of traditional lifetime research into
8 medical practice. Not funded as heavily as the
9 pharmaceutical and the other hard-core research,
but 10 still pretty well funded in this country.
11 But then when you look at the third leg
of 12 that stool, which is research on changing social
13 environments and environments that we live in
that 14 impact our health and the individual lifestyle
15 choices that we make, it's drastically
underfunded.
16 So in terms of research dollars, we suggest that
a 17 significant chunk needs to go into that third leg
to 18 begin to create this parity.
19 This next slide is a comparable Dr.
Archer 20 often tells. I may not do it as good as he does,
21 but I will take a stab at it. It's often said
that 22 one test for insanity is that if someone

continues

23 to do the same thing and expects different
results,

24 they are insane.

25 In the slide you've got in front of you

1 there is an individual who is trying to stop the
2 overflow of water in a bucket. And if you want
to
3 imagine that our health care system is the bucket
4 and the flow of water is the flow of disease and
5 incapacity into that bucket. And what our
current
6 system does is it looks at how do we mop up the
7 overspill. And we've done a great job. We've
8 actually gone from mops to shop vacs. We can
suck
9 up the over spills better than anybody else in the
10 world, but we've never looked up and said: How
11 about turning off the flow of water. And that's
12 what looking into the areas of prevention and in
13 particular community level prevention does.
14 As a last point -- actually two last
15 points. One is the maintenance of effort issue.
16 There has been a lot of talk around not closing
17 hospitals, providing the same level of indigent
18 care, maintaining staff ratios, all of which are
19 important, but there are a couple that are very
20 important to public health that we also want to
put
21 on the table. We would want some assurance that
if
22 HCA comes into this community that they are going
to
23 partner with us in the same way that Health
Midwest
24 has in the past in terms of emergency management.

During

25

And one specific example of that.

1 last year's ice storm, they opened up Trinity
2 Lutheran Hospital, even though they had closed
that
3 facility, so that it could serve as an urgent
care
4 site for individuals who had medical needs that
5 could not be accommodated at any of the city's
usual
6 shelter sites. We want to see that same kind of
7 partnership spirit from HCA.
8 Cooperation in collection of vital
public
9 health data, this is another area that we want to
10 see. Currently we are involved in a ground-
breaking
11 initiative with the Cerner Corporation that
allows
12 us to capture data from not just lab results, but
13 actually when a physician orders a lab. If there
is
14 a spike in orders of labs, that's something that
we
15 -- that allows us to get a jump on a possible
16 bioterrorist or communicable disease outbreak.
And
17 Health Midwest is one of our primary partners in
18 that data collection effort. We want to see HCA
19 continue that.
20 And also another area is the whole
issue
21 of prevention services for community. Health
22 Midwest does a lot of that directly and
indirectly

for a	23	by providing space and other in-kind donations
	24	number of grass roots based organizations that
close	25	without that support may be forced to either

1 their doors or move into inaccessible locations.

2 So we would like to see some attention
3 paid to that issue of what is going to happen to
4 some of the prevention and disease management
5 services that have traditionally been provided
6 either directly by Health Midwest or indirectly
7 terms of in-kind support for entities.

8 And lastly as a side point, and I can't
9 into too much detail, other than to say Dr.

10 will probably address this in his written

11 is the whole idea of a suburban plan, and not
12 necessarily being opposed to that, but if there

13 going to be a consideration of such a plan, that

14 should be based on volume of care or revenues,

15 simply the number of facilities located across

16 metropolitan area. Thank you for allowing us

17 opportunity.

18 ATTORNEY GENERAL NIXON: Thank you very
19 much. George Hoech, Carol Jean Mace and then
20 Maple.

21 DR. HOECH: Good evening. My name is

22 George D. Hoech, Junior. I reside in Kansas

in

go

Archer

comments,

is

it

not

the

this

Sharon

City,

I

23 Missouri, and have completed 32 years of medical
24 practice at Research Medical Center. My wife and
25 believe in and have supported the Research

am 1 Foundation. As a past chairman of the board, I
of 2 privileged to currently serve as a board member
the 3 the Research Foundation. I rise in support of
4 sale to HCA with a degree of sadness, but look to
5 the future with a measure of hope.

good 6 Research Medical Center, a great and
7 hospital, founded by Catholic sisters and German
has 8 immigrants, initially known as German Hospital,
9 had a distinguished role in supporting nursing
the 10 education and patient care for over 100 years,
11 past 40 years at our current campus at Meyer and
12 Prospect. A vital and necessary partner in this
13 caring role has also been the Research Foundation
14 with its accomplished staff and dedicated
volunteer 15 board.

shadow 16 I support the sale to HCA so Research
17 Medical Center can emerge from the valley and
18 of financial hard times and address our pressing
19 capital equipment and staffing needs. As board
fiduciary 20 members, we seek approval to continue our
21 duty and moral obligation to the many
22 public-spirited donors who have been diligent in
23 fund-raising and personally generous to the
Research

24 Foundation to enhance patient care, education and
25 research at Research Medical Center.

1 While many speakers at this hearing are
2 quite eloquent in their pleas, there seems to be
a
3 difference in experience. As a previous
cannoneer
4 in the artillery, may I explain with an analogy
from
5 the military service. While they are thinking
about
6 joining the reserves, in an abstract sense, we,
the
7 Research Foundation, are on active duty at Meyer
and
8 Prospect, assisting doctors, nurses and
9 administrators in providing for the sick and
injured
10 regardless of their status in life.

11 I submit Missouri would have a
compelling
12 state interest in having this efficient Research
13 Foundation with 40 plus years of a proven track
14 record to continue our healing mission. Many of
our
15 donors give not from an abundance. They give out
of
16 gratitude for consideration shown and care
17 received. We suggest your good office should
allow
18 the foundation to keep the faith with our donors,
19 many of whom could give only the widow's mite.

20 We have many people, including board
21 members, who want to leave a legacy to the
Research
22 Foundation. These potential future funds are in

the

23

form of bequests, many known to us and some

24

will

unknown. I can say with certitude these funds

25

a

be lost if the Research Foundation cannot effect

1 timely and smooth transition to an independent
2 foundation to serve needs at Research Medical
3 Center.

4 The Research Foundation's hope and
5 expectation is to assist Research Medical Center
in
6 continuing to be the hospital where the poor can
7 say, "I am rich," and the weak can say, "I am
8 strong," in the belief and knowledge I will
receive
9 fine medical care in a dignified manner.

10 Conclusions: The Research Foundation
11 must be separate from and independent of Health
12 Midwest or any surviving entity to fulfill its
13 fiduciary duty and moral obligation to its
donors.
14 The separation from Health Midwest would involve
the
15 transfer of the foundation's fund balance prior
to
16 or commensurate with the closing of the sale to
HCA.

17 The Research Foundation enhanced
18 Medical Center asset value by assisting in
patient
19 care, education and research. In addition the
20 Research Foundation purchased capital equipment
21 contributing to asset value. Using a rule of
reason
22 and analysis, we submit these contributions to
asset
23 value growth trigger an equitable plane or legal

24 right consideration of a prorated distribution of
25 the net sale proceeds to the Research Foundation.

three
are
been
your
Carol

1 In review, consider implementing the
2 conclusions as a condition of the proposed sale.
3 Some of these conclusions have been formalized in
4 three resolutions. I will not read them. They
5 in the submitted document.

6 I complement your staff. They have
7 courteous, diligent and neutral. Thank you for
8 consideration.

9 ATTORNEY GENERAL NIXON: Thank you.
10 Jean Mace, Sharon Apple and then Jason White.

11 MS. MACE: I am Representative Carol
12 Mace from District 50, and for 14 years I have
13 represented a good portion of the area that feeds
14 people into our local Independence Regional
15 Hospital. And therefore, tonight I am here to
plead
or
16 not necessarily either for or against one party
17 the other, but I am here to plead with you to see
18 that people are given what they need, and that's
19 good health care.

20 I have two reasons for asking for this
21 appearance. The first one was that in those 14
22 years I just told you about there have been at
least
23 12 years that other representatives and myself
have

is

24 worked on issues dealing with the closure of

25 Independence Regional Hospital. Obviously this

1 not a new situation. We have lived under a sword
2 for a long time.

3 At the same time, in the southern part
of
4 my area, I have a hospital that has been closed
and
5 almost vacant for a number of years in the
Raytown
6 area. That was the old Park Lane Hospital. To
have
7 two such hospitals standing unused in an older
part
8 of town could only be catastrophic.

9 Now I understand and I can share with
you
10 openly that many of the residents in the area I
11 serve are elderly, they are poor and some of the
new
12 families moving in are indigent or they are low
13 income. To that I can only say, "Whatever
happened
14 to St. Elsewhere?" Do you remember that St.
15 Elsewhere served everybody because they needed
16 help? So I'm not sure that bigger is always
better.
17 I would ask that you see that any
agency
18 that takes over these hospitals will mean better,
19 cheaper and more convenient care. Older citizens
20 quite often do not have transportation, they can
no
21 longer drive, and so to have to drive from here
to
22 let's say Lee's Summit, would be catastrophic.

They

23 would either do without hospital care or have to
pay

24 an incredible amount of money to get there.

25 The second reason for my appearance is

1 very personal. My husband entered Independence
2 Regional Hospital in August in what would become
a
3 nightmare, a nightmare of hospitalizations,
tests
4 and medical personnel. He died November 7th of
this
5 month. So this is really firsthand information.
6 I believe with all my heart that the
way
7 medical care is structured today that it plays a
8 very large part in the success or failure of
whoever
9 owns the hospital. I found out that doctors work
in
10 groups. The old family doctor, he is kind of
hard
11 to find. Because in our situation the family
doctor
12 did not go to the hospital. Once you entered the
13 hospital, you had one of 28 other doctors serving
as
14 your family physician. These were people you had
15 never seen, people who did not know you or your
16 background.
17 There were also groups: heart groups,
18 lung groups, kidney groups and even the eye, ear,
19 nose and throat people come in groups. The
problem
20 is, they do not communicate with other groups.
21 While they may work well together, they do not
talk
22 to each other.

23 And what is the result? Well, we found
24 doctors changing each other's prescriptions. I
25 happened to ride down on an elevator with a
doctor

1 who said to my husband, "Did the other doctor put
2 you back on Coumadin?" And he said yes. And
this 3 doctor said, "Don't take it. It can kill you."
4 That was in an elevator.

5 On the day -- on the week, the last
week 6 that he lived he saw four different general
7 practitioners. The two days before he died there
8 were people that we had never seen in all the
time 9 of his illness. We saw two kidney specialists.
We 10 saw two different surgeons. There were three

11 different kidney dialysis. There were a lot of
12 other technicians. One week after we buried him
a 13 kidney doctor's office called and said, "You

missed 14 your appointment yesterday. What happened?"
15 I think in all seriousness the big

problem 16 with health care at least in our state is a lack
of 17 communication between doctors and doctors' groups
18 and between doctors and the patients, and there
is a 19 definite lack of continuity of care. And what
20 happens is patients are deprived.

21 What about the nurses? These are the
22 people who are out there on the front line.
These 23 are the people that patients identify, and when

they

24 -- identify with, and when they push that red

25 button, they want to see a nurse. They not
asking

1 for a doctor. They want a nurse. And you know
2 what, there were never enough nurses.
3 I can't tell you whether it is that
their
4 hours they have to work are too long or whether
the
5 pay isn't good enough or whether something is
6 happening with the funds that they are supposed
to
7 receive for retirement. I wonder if some of
those
8 obscene CEO retirement benefits could help in
some
9 of this.
10 During those months I spent a lot of
time
11 in the waiting room. This is because, of course,
12 with ICU you're not supposed to be in the room
13 continuously. While I was there, I took
advantage
14 of it and I talked to other families who were
15 waiting as I was.
16 And you know what, those people don't
17 necessarily have college educations, but they
read
18 and they understand. And they felt like they
were
19 being cheated out of one more thing, because
there
20 is some kind of foundation that is supposed to be
21 formed and they know that in some way their money
22 that they have paid in in the past is involved in
23 this, but it looks like they are not going to get

to

24 have any say in what happens to that money. In
25 fact, most of the people serving on the current

1 board live in Kansas. And while I know that
Kansas
2 has to be considered, we don't want to be left
out.
3 I beg you tonight, our area is old, our
4 inhabitants are mostly senior citizens and some
of
5 the rest of them are just poor folks working for
a
6 living, please, do not allow our area to go
unserved
7 without a hospital. We have had one here for so
8 many years. I just feel like it would be a
travesty
9 if everything is taken from us. We have paid our
10 dues and we deserve some respect. Thank you.
11 ATTORNEY GENERAL NIXON: Sharon Apple,
12 then Jason White and then Sue Frank.
13 MS. APPLE: Good evening. My name is
14 Sharon Apple, and I am an R.N. at Research
Medical
15 Center and a member of Nurses United AFT Health
16 Care, and we are also members of the Missouri
17 Kansas Health Watch Coalition.
18 Like myself, the other nurses who are
here
19 tonight want to raise some issues about the
proposed
20 sale of Health Midwest to HCA. We are not
opposed
21 to the sale, but we are here to support the
22 community and to make sure that its needs are
23 adequately met by the new owner. Every member of

on

24 this Kansas City community must be able to count
25 high quality health care at each of the Health

1 Midwest facility.

2 First, Nurses United wants you, General
3 Nixon, to ensure that the potential foundation
4 monies that HCA has promised are used to provide
5 safe, quality medical care to those who are
without
6 affordable health care regardless of race,
gender,
7 age or economic status. This foundation must be
run
8 not by Health Midwest or HCA's board, but by an
9 outside community group. This will ensure
10 accountability for how the money is spent.

11 Next and most importantly, I would like
to
12 call to your attention to the plight of the
13 chronically understaffed Health Midwest bedside
14 nurse. Unless this staffing situation is
rectified
15 by the new owners, patients will continue to be
16 placed at risk. Registered nurses are now
required
17 to provide care for twice the number of patients
18 they can safely handle. This is not quality
nursing
19 care. This is maintenance care. It is also a
20 formula for disaster. There is a huge difference
21 between caring for six and seven patients and
caring
22 for 12 to 14.

23 A University of Pennsylvania study
24 published just a few weeks ago in the Journal of

the

25

American Medical Association concluded that nurse

1 workload is crucial to survival of hospital
2 patients. This study acknowledged what Health
3 Midwest nurses have always maintained, that
4 hospital's staffing ratios are inadequate to
provide
5 safe and effective nursing care.

6 According to the study, changing the
nurse
7 to patient ratio to eight patients per nurse from
8 four per nurse would result in about a 31 percent
9 increase in mortality. Increased nursing patient
10 loads may account for 20,000 unnecessary deaths a
11 year. I want to say emphatically that safe
staffing
12 levels must be included in the purchase
agreement.

13 I would also say, General Nixon, that I
14 have not heard HCA address even one time the
unsafe
15 staffing issues present at all Health Midwest
16 hospitals. I must assume that these staffing
ratios
17 will not be addressed by HCA unless it is
mandated
18 by the Attorney General. Therefore, I feel that
HCA
19 must be required to have a certain number of
nurses
20 on each unit for every shift. Patient and nurses
21 should no longer have to tolerate inferior care
22 because of a staffing shortage.

23 I would say to you, General Nixon, and
to

24 the community that patients being cared for by
25 overworked and stressed-out nurses aren't just

1 nameless and faceless strangers. These are your
2 family and your loved ones, your parents, your
3 grandchildren, your grandparents and your
brothers
4 and sisters. Nurses contribute very importantly
to
5 surveillance, early detection and timely
6 intervention that save patients' lives.
7 In Victoria, Australia, mandated
staffing
8 ratios of four patients per nurse were instituted
in
9 1999. Within 18 months 2500 nurses returned to
the
10 bedside. Just image what we could do with 25
extra
11 nurses -- 2500 extra nurses at the Health Midwest
12 hospitals.
13 Every member of the Kansas City
community
14 deserves compassionate and quality nursing care
from
15 nurses who have an adequate amount of time and
the
16 resources to devote to their health and well-
being,
17 regardless of whether or not they have health
18 insurance.
19 If a nurse has 12 other patients to
care
20 for, your family member will be fortunate to
receive
21 their medications and treatments in a timely
22 fashion. This does not even take into account

the

23 consideration for potential unforeseen
emergencies

24 and incidents that arise.

25 If the hospitals involved will not or

1 cannot find a way to make the nursing profession
2 more attractive by reducing the nurse to patient
3 ratios, the hospital bedside nursing exodus may
turn
4 into a stampede. Perhaps hospitals should be
5 required to publicly report their nurse to
patient
6 ratios so that prospective patients can become
7 informed consumers before they become uninformed
8 patients. The lives of your loved ones depend on
9 safe nurse patient staffing ratios.

10 General Nixon, you must mandate the new
11 owner to adhere to safe staffing ratios. The
best
12 guide to use is the California law that sets
nurse
13 to patient ratios for each unit in a hospital.
Safe
14 nurse to patient staffing ratios saves lives. Do
15 not let Health Midwest and HCA compromise the
16 nursing care of your family and friends because
17 profits take precedence over lives. Thank you
very
18 much for allowing me to speak.

19 GENERAL ATTORNEY NIXON: Before our
next
20 speaker, I've been asked to give out our Web
address
21 where documents can be had, which is
www.moago.org.
22 That's moago.org.

23 And we now have Jason White, then Sue

24 Frank, then Gary Kemp.

I'm 25 MR. WHITE: My name is Jason White.

1 an at large City Council member here in
2 Independence, Missouri. As Mayor Stewart
indicated
3 during testimony last week, we are testifying as
4 part of this process out of concern regarding
both
5 the need to assure our residents' and neighbors'
6 access to health care services and to assure that
7 the value of the Health Midwest assets being sold
8 are reinvested back into basic health services in
9 our community.

10 Independence is an economically and
11 demographically diverse community with an older
12 section of town with a large population of
seniors
13 on fixed incomes dependent on Medicare, which has
14 enormous problems itself regarding secondary
15 coverage, problems with decreasing number of
health
16 care providers willing to take Medicare. We have
a
17 good sized number of residents covered by
Medicaid.
18 We have a growing number of residents that have
no
19 insurance or are underinsured due to the economic
20 climate.

21 Mid-America Regional Council long ago
22 defined western Independence as part of the urban
23 core in this area suffers under both the
increased
24 demands for health services and the decreased

insured
1 Eastern Independence brings to mind the classic
2 definition of suburbs with higher income levels,
3 greater economic strength and a much larger
4 population.

loss
5 We are concerned about the potential
6 of one or both of the hospitals here in
7 Independence. You do not need to be a rocket
8 scientist to recognize that the payer mix of
9 patients using Independence Regional is very
heavy
10 on Medicare with a good number of Medicaid
patients
11 and a considerable number of uninsured and
12 underinsured.

13 Rumors have been rampant about whether
14 Health Midwest or HCA would seek to close one,
two
15 or three of the hospitals in suburban Kansas City
16 and consolidate them into a single new hospital
17 further east in the county. This is actually a
18 strange situation when you think about the
dynamic
19 of an industry moving away from its customer
base.

20 Frankly, the health resources are more
21 directed to moving to where the money is versus
away
22 from the demographics that would indicate where a
23 large number of the sicker are located in the
older

24 parts of our community.

25 We would like HCA to maintain the

has 1 hospitals in the community, that community which
HCA 2 invested in those facilities through the years.
bought 3 should be required to maintain what they have
4 and grow into more economically profitable areas,
5 not abandon the less profitable areas and shift
properly 6 resources. Please assure us that HCA will
7 manage the market they have purchased and not
8 abandon it for greener pastures.
\$1.2 9 HCA did not come to town with their
10 billion and no plan for that investment. They
11 clearly have a business plan. They have plans on
12 how they are going to recoup their \$1.2 billion
built 13 investment, as well they should. HCA has not
14 an international hospital system without good
15 planning. They indeed know which hospitals are
take 16 going to stay, which will go. We want them to
has 17 care of the community assets that our community
18 supported.
HCA 19 If that cannot be done, please require
and 20 to involve the communities in an honest, early
time 21 effective decision-making process that we have
22 to explore what options might be available before

23 major changes are implemented. I understand that
24 HCA may have financial realities due to the crazy
25 health care system we live in, but you can still

their 1 require HCA to involve us, the community, in
make 2 decision-making process. That's only going to
they 3 them the solid community partner that I'm sure
4 wish to become.
about 5 Frankly, we're as equally concerned
6 the structure of the foundation that's being
funding 7 discussed in order to allocate the available
8 to critical projects throughout the metro area.
We 9 wish to be assured of a properly representative
10 board that honors the need for public
accountability 11 and fulfilling the mission of the not-for-profit
12 hospitals that are being sold.
13 We want to make sure the foundation
funds' 14 projects are based on the missions of the
hospitals 15 that have not been previously taxed. The tax
relief 16 that was granted so long ago revolved around the
17 stated missions of those institutions. We want
18 those mission statements honored.
19 While research is important, we believe
20 that little expenditure has been made through the
21 years relative to the total budgets of those
22 hospitals here in Independence toward basic
science

supported 23 research. Instead, financially they have
24 basic health care services. We want to make sure
25 basic health care services are supported by the

1 profits from the sale of these assets.

City 2 We believe that the suburban Kansas
3 should receive the proportion of the foundation
the 4 money that is truly reflective of the value of
5 Health Midwest resources in suburban Kansas City.
then 6 If we are simply a portion of a larger effort,
7 we believe that the residents of suburban Kansas
8 City will not receive benefit of the foundation
9 proportional to the support that has been given
to 10 Health Midwest facilities in suburban Kansas City
11 for many, many years.

12 We are very concerned about the Health
company 13 Midwest board. It's quite simply a holding
14 for very many diverse organizations. Defining --
for 15 allowing them to define the governance process
16 distribution of the foundation funds would be
17 inappropriate.

990 18 The Health Midwest board from the last
19 tax forms had over -- there were 23 members of
their 20 30 some odd board members who reside in Johnson
21 County, Kansas. Johnson County, Kansas, has two,
22 two Health Midwest hospitals. Independence,
23 Missouri, has two Health Midwest hospitals. We
24 presently have no representation on the Health

that 25 Midwest board of directors. I fail to see that

1 group could properly represent, let alone
2 understand, the health care needs of
Independence,
3 Missouri, or suburban Kansas City.
4 Science Research Center is being
5 considered a powerful board, ample direct writers
6 and plenty of lobbyists to reel in adequate
funds.
7 The health care needs of the free health clinics
and
8 the low-cost health clinics and the prevention
ideas
9 that have been presented before are not
represented
10 as well. Please consider the mission statements
of
11 the hospitals, and more, please look at the
12 expenditures that those hospitals have made and
make
13 sure that the assets, the sale of those assets is
14 going to honor what has been implemented as the
15 mission statements of those hospitals through the
16 years.
17 Our community has been supporting those
18 two hospitals, Independence Regional since 1909,
19 Medical Center of Independence since 1970. I
would
20 beg to ask that I doubt anybody going to any of
21 those hospitals, if they fully understood they
were
22 actually supporting a not-for-profit institution
23 that was creating assets for the community, ever

	24	felt that those assets would be translated into
back	25	basic health science research instead of coming

1 into the community upon the sale of those assets.

2 We would recommend that the suburban

3 Kansas City plan for the foundation money be

4 followed. It is supported by many mayors and

many

5 city governments in suburban Kansas City. We

would

6 also ask that the union contract negotiations

with

7 the nurses be completed and that the nurse

patient

8 ratio be increased to improve patient care.

9 I was done with my presentation until I

--

10 arrived here today, and then the question arose

11 some questions arose about individual hospitals

12 having individual foundations and where some of

that

13 money is being relocated.

14 In one instance it's our understanding

15 that when the assets are reconfigured back into

the

16 Health Midwest umbrella, one of the local

hospital

17 foundations, totaling a million dollars, will

remain

18 in that community.

19 It is also our understanding that that

is

20 not the case with respect to Independence,

Missouri,

21 where funds totaling around \$500,000 in a health

22 care foundation controlled through that

institution

23 or in relationship to that institution would no
24 longer stay in the community, even though some of
25 those funds have already been earmarked for local

1 revitalization efforts. We would ask that you
add
2 that issue to your list of concerns to be
evaluated
3 during this sale.
4 The other thing that was brought to
mind
5 upon arrival here today, although frankly I think
6 the sale is good from the three options of
Tenant,
7 HCA or Health Midwest, this sale to HCA seems to
be
8 the best of those three options, but frankly,
coming
9 today, having a chance to already read the court
10 filings to -- that were in essence trying to tell
me
11 I don't have a voice through the Attorney
General's
12 process. It surprised me that the arrogant and
13 heavy-handed approach of the Health Midwest board
14 has in filing this and removing you from this
15 process.
16 I think that attempt to derail the
17 process, thus removing my ability to provide
public
18 comment is very inappropriate. I object to the
19 bunch of Johnson County, Kansas, folks coming
over
20 here and trying to direct the process that
assures
21 that the assets that have been built since 1909
in
22 this community remain in this community where

they

23 rightfully belong.

24 We hope that you will stand firm in

25 assuring that this process continues and that the

1 interests of this community are protected. Thank
2 you, sir.

3 ATTORNEY GENERAL NIXON: First of all,
4 when it comes to court action, I listen less and
5 talk more. Harry Kemp and Sue Frank.

6 MR. KEMP: If I could thank you for
your
7 indulgence, ex-Mayor Barbara Potts gave me her
8 letter. She was unable to testify at the meeting
9 down at Linwood. It's very brief.

10 From Mayor Barbara Potts, ex-mayor of
11 Independence: "I regret that I am out of town
and
12 unable to be at this hearing in person, but I
13 greatly appreciate your allowing my comments
being
14 read into the record tonight. I speak out of my
15 personal concern for our community. I represent
no
16 institution. I speak only for myself.

17 My lifetime in Independence and my role
as
18 Mayor of Independence for eight years have given
me
19 the opportunity to become more acquainted than
most
20 with our community's resources, its people, its
21 institutions as well as its assets and needs and
22 shortcomings. Health Midwest has been a very
23 important resource in Eastern Jackson County,
24 providing three of our five hospitals. So
naturally

of

25

our community is very concerned about the future

1 our health care services.

the 2 After following the news and hearing
3 issues raised at last week's hearings about the
4 tough decisions to be made in the near future, I
5 would like to make the following observations and
6 suggestions.

7 One of the major assets we have in the
8 Kansas City region is our network of community
9 foundations, including those in Wyandotte and
10 Johnson County, Kansas, the Northland, Greater
11 Kansas City and the Truman Heartland Community
12 Foundation serving eastern Jackson County. These
13 entities know intimately the needs of those in
their 14 own communities.

County 15 To illustrate, in eastern Jackson
16 through a needs assessment process the Truman
17 Heartland Community Foundation discovered a major
18 need not being met by existing services for
19 outpatient health care for working people without
20 insurance, not qualifying for Medicare or
Medicaid,
21 with financial and transportation problems and
22 unable to afford to take off work for daytime
23 medical appointments. All prevent these folks
from
24 accessing adequate health care.

Foundation 25 The Truman Heartland Community

to
are
nine

1 provided the leadership one and a half years ago
2 create a free health clinic staffed one evening a
3 week by volunteer doctors and nurses. To begin
4 with, it saw about 12 patients a night, and they
5 now seeing 30 to 40 each night. In the first
6 months of the year the clinic saw a total of 972
7 people.

their
and

8 The boards of the foundation mentioned
9 above are made up of people living in their
10 respective areas who know their neighbors and
11 needs. As an example, the current board of the
12 Truman Heartland Foundation, which I am most
13 familiar with, is comprised of folks from Lee's
14 Summit, Grain Valley, Independence, Blue Springs
15 Raytown.

of
foundations

16 I recommend that instead of creating
17 another foundation and thus more overhead, money
18 that could be used for direct health care, that
19 these dollars be used to create a, quote, field
20 interest, end quote, funds at existing
21 proportionate to the service area that Health
22 Midwest has had a presence.

23 There is a precedent for this. In 1994
24 when Independence Regional Health Center, then a

was 1 was sold to CHC, a quote, field of interest fund
2 created at the Truman Heartland Community
3 Foundation. The earnings from that fund have
supporting 4 contributed immeasurably through grants
5 health-related activities.

should 6 Also, a very serious consideration
7 be given to the use of the Truman Medical Center
8 Foundation as a recipient of a portion of these
indigent 9 funds since TMC provides a major portion of
10 health care in the urban core. Once again, I
thank 11 you for allowing me this opportunity to share
12 thoughts. Sincerely, Ex-Mayor Barbara Potts."

13 ATTORNEY GENERAL NIXON: Gary Kemp is
14 here. Then Sue Frank, then Reverend Cox.

15 MR. KEMP: Good evening, Mr. Attorney
16 General and members of the community. I've had
to 17 tailor my comments since arriving here this
18 evening. First of all, my name is Gary Kemp. I
19 represent the Greater Kansas City Building and
20 Construction Trades Council, representing
21 construction unions throughout the Kansas City
area, 22 both on the Missouri side and the Kansas side.

23 Beyond that, I'm here tonight,
24 specifically beyond that membership, from a

1 economic status or race. Because the issue that
2 we're talking about tonight is probably one of
the 3 most important community issues that we will ever
4 face.

5 Now I heard these words: process,
price 6 and proceeds. And I heard it in the presentation
7 and I heard it from our attorney general, and
that's 8 what most concerns us. Now, I will tell you
9 additionally that this evening as I arrived here
and 10 heard the comments, I too am dismayed and
saddened 11 because I believe in this process. I believe in
12 these people.

13 The testimony that you have heard
tonight 14 from community leaders and individuals was
genuine. 15 It was real. The personal testimony of
16 Representative Mace was the most real that any of
17 you will ever endure. It was a real life
experience

18 that has been experienced by many. The
19 professionals that have testified here tonight,
too, 20 have been crying out for years about the
situations 21 in our hospital. And collectively we face a
crisis 22 in our community as to how we are going to deal
with

23 them.

24 All of the suggestions that have been
made

25 are draped. It was good to see the post-closing

needs 1 covenants and hear Mr. Erdmann talk about the
2 assessment, and we definitely need to do that.
3 I want to add a couple of things since
4 being here tonight to that list, and that's a
5 serious review of compensation to Health Midwest
by 6 executives and board members not being retained
7 HCA. Secondly, successful conclusion of all
8 collective bargaining issues to the table. I ask
9 for due diligence and a review of the purchase
10 agreement on a timely but fair basis.
11 Having said that, I would say publicly
a 12 that I welcome HCA and the opportunity to improve
13 situation that is truly in my opinion a crisis.
The 14 opportunity to forge true community relationships
15 with a health care provider that actually does
16 everything that they have committed to. I
believe 17 in that. I want that. And Mr. Attorney General,
I 18 hope you remain involved in this and not the
19 courts. Thank you.
then 20 ATTORNEY GENERAL NIXON: Sue Frank,
21 Reverend Cox, then Paul Thompson.
Sue 22 MS. FRANK: Good evening. My name is
23 Frank. I'm the Mayor of the City of Raytown. I
24 want to thank you, Mr. Attorney General, for

holding

25

this public hearing in Independence this evening.

101

one
occur
the
City
for
their
matter
any

1 The sale of Health Midwest is probably
2 of the most important transactions that will
3 in the history of Kansas City. It will affect
4 lives of people in all of metropolitan Kansas
5 as well as the people in eastern Jackson County
6 many years to come. I know that area leaders and
7 citizens appreciate the opportunity to voice
8 opinions. And my concern, Mr. Nixon, is that
9 without your deliberate involvement in this
10 this sale would have been rushed through without
11 public involvement. Thank you.

at
us
Kansas
us

12 I saw the proposals from HCA last week
13 Linwood, and I'm encouraged by what I saw. Being
14 from the Show-Me State, I pray that HCA will show
15 their commitment to health care concerns in
16 City. Also with that, I pray that they will show
17 their commitment to ongoing mental health care
18 issues as that is affected by the turnover of
19 profits, not-for-profits to profit status.

20 We're trusting that they will work with
21 doctors, nurses and employees and involve them
22 collectively in finding solutions to these many

work

23 problems. We all know that a high morale of a
24 force is going to improve all the way around our
25 care for our families, friends and neighbors.

our is Health you
1 I believe that Raytown offers a unique
2 perspective in this transfer of assets based on
3 firsthand experience with Health Midwest. That
4 why Raytown at this point opposes the sale of
5 Midwest to HCA until such time as the resultant
6 health care issues that have been expressed to
7 here this evening for Raytown and eastern Jackson
8 County and Kansas City can be addressed.

for
9 For the record, I support Independence
10 Mayor Ron Stewart's proposal regarding the need
11 a local community foundation. We have the vested
12 interest in the health care needs of our
13 communities.

the
14 In 1999 Health Midwest abruptly closed
15 doors of Park Lane Medical Hospital located in
16 Raytown School District. The hospital,
17 established in the mid 1970's, provided health care for
18 Raytown area families. The hospital flourished for more
19 than 25 years.

in
20 When Health Midwest acquired Park Lane
21 1994, it was the beginning of the end for our
22 Raytown hospital. The closure of Park Lane cost the

23 community a teaching hospital with 24 resident
24 doctors, 24-hour-a-day seven-day-a-week emergency
25 room, 210 on staff physicians with diverse

1 specialties and over 400 jobs.

2 Thirty auxiliary programs were
eliminated:

3 Deron Cherry's Four One to a Home, which served
4 3700 children, were eliminated and Marion
Kauffman's

5 Alzheimer's program: Meals-on-Wheels program;
6 community health care for children, the elderly
and

7 area families; along with other grants,
foundations

8 and benefits.

9 Health Midwest, claiming loss of
revenues,

10 closed this not-for-profit hospital suddenly and
11 with no warning. There was no opportunity to
review

12 the books, no community health care study done
and

13 no opportunity for hearings or public input. The
14 offers of assistance by our community were rudely
15 turned aside.

16 Mr. Nixon, I have yet to understand why
a

17 certificate of need process is so involved in the
18 opening of a hospital and yet it's virtually
19 nonexistent in the closing of a hospital.

20 Therefore, I would like to submit that
a

21 substantial portion of the profits from the sale
of

22 Health Midwest has come at the expense of my
23 community's health care. Raytown respectfully

postpone 24 requests that the Missouri Attorney General

25 approval of the sale of Health Midwest until the

1 following conditions are met.

2 One, that when the Park Lane Hospital

3 campus be sold, any proceeds of the sale of that

4 transfer be transferred directly back to the

Raytown

5 C-2 School District Education Foundation to see

to

6 the health care needs of our children and our

7 families. I have enclosed in this packet a

letter

8 from Dr. Henry Russell, superintendent of the

9 Raytown C-2 Quality School District, and he asks

for

10 your serious consideration on this point on

behalf

11 of our community.

12 Number two, I would request that

13 Missouri's assets be allocated back into, one, a

14 metropolitan foundation, as well as a vitally

15 crucial local community foundation like Truman

16 Heartland in order to seek the health care needs

of

17 our representative communities.

18 We do agree with the concept proposed

of

19 the health care needs assessment that we heard

20 tonight. However, Health Midwest's proposed

21 foundation idea with this existing board lacks

even

22 the most basic diversity of representation. And

23 quite frankly, sir, given my experiences with

Health

in

24 Midwest, I am left without any faith in their
25 compassion towards their fiduciary responsibility

105

1 that regard.

reasonable 2 I think it would also be very

on 3 to consider a cap on payroll for anyone serving

heart 4 that foundation. I think that will get to the

foundations 5 very quickly of what the focus of those

6 would be.

7 I think what I'm proposing here this

8 evening is fair, equitable and reasonable, and on

60,000 9 behalf of the 30,000 Raytown citizens and the

10 residents and patrons of the Raytown Quality C-2

11 School District, I thank you, sir. And I, again,

12 sincerely appreciate the opportunity to speak on

13 this issue.

is 14 ATTORNEY GENERAL NIXON: Madam Mayor,

15 this the existing health care foundation that the

16 school is affiliated with, the C-2 foundation?

17 MS. FRANK: Yes. We currently have an

for 18 education foundation that has been established

19 many, many years. And I would love to see the

20 monies. I think it's only appropriate with the

kids 21 impact of our community and the service to the

go 22 that the proceeds of the sale of Health Midwest

23 directly to that foundation to be earmarked for

24 health care needs. Thank you, sir.

25 ATTORNEY GENERAL NIXON: Reverend Cox,

1 then Paul Thompson, then Stan Shurmantine.

2 MS. COX: Mr. Attorney General, I thank
3 you for this opportunity to speak. I'm Reverend
4 Anyanu Cox. I'm the minister of the Holy Spirit
5 Healing Ministry, which is affiliated with the
6 Association of Community Churches. I'm also with
7 the Kansas City Chapter of Black United Front and
8 the Concerned Clergy.

9 We are requesting that an independent
10 health care impact study be included as a
critical
11 part of this proposed sale of Health Midwest
system
12 to HCA so that you, Mr. Nixon, representative of
us,
13 and the community will understand how the
delivery
14 of health care in the Kansas City metropolitan
area
15 will be affected.

16 It is our understanding that currently
17 Health Midwest provides approximately 50 percent
of
18 the indigent care to the Greater Kansas City
19 community. In addition, it's been reported that
20 mortality rates have been reported higher for
21 not-for -- for-profit hospitals.

22 This independent health care impact
study
23 would first assess the health care needs of the
24 region presently served by Health Midwest, and

actually, there has been a pretty comprehensive

1 study done by the Ford UAW which shows disparity,
2 but along with that to assess to what degree
those
3 needs are presently being met under the health
care
4 system.

5 We have heard from several speakers
that
6 the present system is not exactly up to par in
terms
7 of the services that it renders. Taking a look
at
8 the gaps and assess the impact of the sale to HCA
9 and how that will impact the area to include
health
10 care needs presently met and any unmet needs, how
11 they will meet the present gaps that already
exist.

12 We also understand that the impact of a
13 for-profit emphasis on making a profit can
14 potentially affect the quality and access to
care.

15 They mention that they could possibly close
16 hospitals after a period of three years. Once
you
17 close hospitals, of course, that means you have
to
18 travel further, and someone mentioned earlier the
19 issue of transportation. Working in different
20 arenas here in Kansas City, I've found the
problem,
21 because I work with HIV positive, that
22 transportation is an issue. It is an issue with

givers 23 individuals who are ill. It's for their care
24 and certainly for women with children.
in 25 We also -- the fact that Health Midwest

1 this area is the second largest employer, private
2 employer, who will employ -- we would like to
take a
3 look at what their employee roles will look like
4 after they purchase it. Because, again, any
5 decrease in the -- and the nurse mentioned the
nurse
6 patient ratio. If they began to do any layoffs
as a
7 result, how will that impact patient care.

8 One of the things that I've experienced
9 personally -- I've been a nurse for 30 years. I
was
10 called from nursing to ministry. And oftentimes
I
11 find myself going in to pray for someone as a
12 minister only to find myself having to do some
13 nursing care.

14 The other thing is the system -- to
take a
15 look at how the system manages -- well, we have
said
16 maintain high quality because we have high
quality.
17 I've heard now from staff, the nurses and
doctors,
18 that's not even happening at this point. So take
a
19 look at what kind of affordable, high-quality
care
20 they plan on providing.

21 Health -- HCA, that they maintain at
least
22 the level of charitable and indigent health care

the
23 that Health Midwest says that they are providing
24 now. HCA does not reduce the number of active
25 facilities, but continue to keep them open for

1 reasons that we've mentioned.

2 HCA continues to operate associated

health 3 care services, such as the Visiting Nurses

4 Association, Research Mental Health Services,

Kansas 5 City Hospice and the nursing college at least at

its 6 present level. And also that HCA establishes

7 professionally recommended staff ratios.

8 And again, along with the staff ratios,

I 9 want to throw that in because nurses have -- I'm

not 10 presently nursing. So they have done a very good

11 job of talking about those ratios, but I would

just 12 like to add, because I also have a child who was

a 13 preemie, two pounds, and what I know that also is

14 important is that what the training is with new

15 nurses coming in.

16 Back in the days when I was nursing we

had 17 preceptors. It's someone who when you came in

that 18 you would work with, because what you learned in

19 nursing school wasn't always what you needed to

know 20 when you hit the floor. Having enough staff, not

21 just to say that you have patients to care for,

but 22 you also can get the mentoring and preceptoring

and

23 training going on with that.

say 24 Along with that, I would also like to

dying. 25 with the person who spoke about her husband

110

if 1 I have been in ICU as well. So I don't even know
when 2 you can impact this. And they do put you out
3 you have a loved one in there because they feel
4 that, I guess, you could interfere.

bleeding 5 What I did at the time my son was
6 and throwing up basals of blood, actually, I just
next 7 refused to leave, because I have a right to be
8 to him. They wanted me to leave, and then they
9 would lock the door, but since I wouldn't leave,
floor 10 they threatened to transfer him to a regular
11 where he could get visitors, so I opted for that,
12 and took him home the next day and did some
what I 13 complimentary treatment. So that's a plug of
14 believe in.

too, 15 So the last thing I would like to say
16 this is on a personal note, is that what I've
as 17 observed too going in, when I was nursing as well
18 with family members, is that I would like to see
model. 19 what HCA has in terms of a code or competence

diversity, 20 It's one thing to say honoring
21 but again, I've been an diversity trainer here in
22 Kansas City for some time, and I know there are a
23 lot of models, and they are not all sufficient to

24 make sure that whoever is caring for whatever
25 population, and I'm not just saying African

1 Americans or Hispanic, whoever is doing the care
2 needs to be culture competent.

3 I'm hoping that they have a model,
4 something that they can show, that you can have
--
5 you can put online or whatever, so we can take a
6 look at what does that look like to bring people
who
7 perhaps have not been dealing with particular
8 populations. Because there are a lot of -- even
HIV
9 is pertained to an issue that carries a big
stigma.

10 How do you rank people from being not
11 competent and sensitive to a level of being
12 culturally competent? There should be a model
for
13 that. Something they can replicate. I would
like
14 to be able to take a look at that. Thank you.

15 ATTORNEY GENERAL NIXON: I would also
like
16 before Paul comes up -- we have Paul Thompson,
Stan
17 Shurmantine and Dennis O'Neill, but I would like
to
18 thank personally the speakers for doing the best
19 they can to talk within the five-minute group,
which
20 everyone has done. And I would also like to
thank
21 the crowd for being highly respectful of
everyone's
22 ability to speak this evening. I guess that's

kind

23 of a warning for the future.

the

24 I don't know that you're going to be

25 most controversial person or anything.

1 MR. THOMPSON: How did you know I used
to
2 be a college professor. We speak in 50-minute
3 blocks typically. I will cut that down.

4 ATTORNEY GENERAL NIXON: You're welcome
to
5 speak in 50-minute blocks, but only five minutes
at
6 the podium.

7 MR. THOMPSON: Attorney General Nixon,
8 thank you. Again, it's been an extensively
9 informative meeting. We certainly appreciate
your
10 willingness to conduct this hearing this evening
in
11 Independence. Thank you very much.

12 I am Paul Thompson. I'm president and
13 chief executive officer of the Truman Heartland
14 Community Foundation, a foundation which has been
15 identified in the suburban plan put forth by
Mayor
16 Ron Stewart. I find myself also in the somewhat
17 difficult position of serving, but I serve with
18 great pride on the Independence Regional Health
19 Board. And I wanted you to be aware of that.
I'm a
20 member not only of the board, but I'm chairing
that
21 board this year.

22 So Dick, you owe me one for selling
this
23 hospital in the middle of my tenure, but I'm also
a

24 member of the eastern region board as well. I'm
25 going to state a few words from my position with

1 Health Midwest board.

2 Then I would like to relinquish my time
to
3 the gentleman who is the chairman of the Truman
4 Heartland Community Foundation who would like to
5 address this group and talk a little bit about
what
6 that institution is and what its history has been
in
7 health care groundbreaking.

8 I, like you, have been following the
9 development of these plans and have wondered just
10 exactly what is best for all of us concerned.
I've
11 been given documents to read, and I've been in
board
12 meetings where Mr. Brown and other members of his
13 staff have discussed these issues.

14 And I've come to the conclusion that it
is
15 indeed the best plan that they could have put
16 forward when you consider the larger issue of the
17 health care of the citizens of this area. I
truly
18 believe that they have accomplished that purpose
19 with this plan.

20 And I, for one, I have not told my
board
21 and I have not brought a recommendation from them
22 this evening, but speaking strictly for myself,
23 believe that they have done a good job. And that
if

and 24 indeed what has been outlined in their proposal

to 25 is codified into the contract language does come

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will 1 pass and the protection that we all hope that
in 2 be a guarantee here, that indeed this will result
3 an improvement in health care provided that those
4 are followed.

this 5 It's for that reason that I've come
6 evening to speak on behalf of their proposal and
7 hope that it will move forward with the sale and
8 that we will all look forward to a better health
9 care system.

Mr. 10 With that, I would like to introduce
this 11 Tom Holsbauer. He is also registered to speak
12 evening and to make a presentation on behalf of
the 13 board of directors of Truman Heartland Community
14 Foundation. Our chairman, Tom Holsbauer. Mr.
15 Holsbauer, please.

16 MR. HOLLSBAUER: Mr. Nixon, fellow
17 citizens, good evening. I am here to talk about
a 18 portion of the proceeds of this sale,
specifically 19 if you recall Slide 24, Bullet Number 2, Eastern
20 Jackson County in the Health Midwest
presentation. 21 That's what we're here to focus on.

is 22 Truman Heartland Community Foundation
23 the charitable foundation in eastern Jackson

County

24 region. I'm very honored to have the opportunity
to
25 speak on behalf of the foundation, its board of

1 directors, our family of eastern Jackson County
2 foundation and funds.

3 The Truman Heartland Foundation was
born
4 out of blending two entities: the Independence
5 Community Foundation, which was started in 1982,
and
6 the Independence Regional Health Center board,
which
7 was a part of that particular hospital. At the
time
8 of the sale of Independence Regional Health
Center
9 by the Community of Christ Church to Columbia
Health
10 Care systems, the Independence Community
Foundation
11 in 1994 and Independence Regional Foundation
merged
12 into one with a single board. Thus you see we
13 really have experience in working with the
community
14 with funds such as those that we're talking about
15 tonight of the sale of Health Midwest.

16 We have turned the then small two
17 foundations into a very community oriented
18 organization which has engaged in grant making
19 throughout the hospital service area and in
bringing
20 other communities into the process. In 1997 we
21 changed our name to Truman Heartland Community
22 Foundation to declare openness to anyone
throughout

23 the region with interest in charitable giving.
24 The foundation has chosen to accomplish
25 its charitable work through an inclusive
approach.

bring
of
depicts
1994.
represent
has
to
The
of
grown
its
that

1 City after city has joined with us in order to
2 the benefits of a foundation to meeting its
3 charitable needs without duplicating the expense
4 creating additional foundations. The chart
5 how our philanthropic family has grown since
6 A 23 member board of directors chosen to
7 geographic, economic, cultural, racial and ethnic
8 diversity of the region governs the foundation.
9 In turn, each city foundation and fund
10 an advisory board to identify needs, recommend
11 funding support, educate and invite its citizens
12 join in creating charitable resources. Thus the
13 foundation has roots deep into the community.
14 foundation measures its success by the numbers of
15 individuals, businesses and charities that have
16 joined us in our work, also by the dollar volume
17 our grants. Again, as you can see, both have
18 significantly.
19 The foundation is a board serving in
20 stewardship of charitable funds. It occupies a
21 position of trust in the community. A position
22 is earned because of its open and highly

23 participative system for assessing funding needs
24 across the broad end of the spectrum. The
25 foundation has been a leader and champion in

those I
read
1 addressing unmet health care needs. Some of
2 believe you heard from the comments that were
3 out of Mayor Barbara Potts's letter. This will
4 repeat some of those.
5 It established the Jackson County Free
6 Health Clinic to provide clinical services to
7 medically uninsured adults with chronic illness.
8 The free clinic includes a pharmacy to provide
9 patients with prescription drugs to treat their
10 illnesses. Because of the funding limits, the
11 clinic is open only one night a week with space
to
up
12 treat 15 to 18 people. And last week 44 showed
13 for health.
14 With a matching grant from Health
Midwest
program
access
15 the foundation established a transportation
16 by which disabled and elderly citizens have
17 to health care. Grants also support a program by
18 which needy individuals can receive eyeglasses.
A
19 grant from the foundation supports the work of
20 Cancer Action in eastern Jackson County. This
year
products
of
21 over 1300 persons received the benefit of
22 and services from this agency. A complete list

health	23	grants and services provided to the needy for
	24	care is provided in the documents I submitted to
	25	you.

1 The foundation has also participated in
2 health care assessments at the city, county,
state
3 and federal levels of government in Jackson
County.

4 The information received in these studies has
5 resulted in funding solutions such as those that
I
6 have just given you. Our ongoing needs
assessment
7 assures that we are in a position to understand
the
8 needs at any level and that the funds from the
9 proceeds will assure the capacity to respond to
10 those needs.

11 Truman Heartland is in a position to
12 receive those proceeds -- a portion of those
13 proceeds from the sale of Health Midwest and to
14 direct them to unmet health care needs of the
15 citizens of eastern Jackson County. Again, I
will
16 refer you to Slide 24, Bullet Number 2, Eastern
17 Jackson County.

18 The assets of Health Midwest are those
of
19 a charitable corporation. Following the sale of
20 these assets, will replace by those of a
21 noncharitable HCA. Money transferred to a
private
22 foundation is no longer a community asset. The
23 community will be an applicant for its own money
and

24 grants subject to changing priorities.

ready 25 The community foundation is here and

to 1 to accept stewardship of the public's money and
of 2 be open to review in public meetings periodically
3 how it is being used. It can assure that those
4 programs and services once established will be
5 dependable through reliable funding. We manage
6 millions of dollars of charitable funds and have
in 7 place accounting, audit and review systems to
assure 8 the state that funds will be used as intended.
transfer. 9 There is a precedence for this
assure 10 Our system is in place. We are structured to
11 accountability both financially and publicly. We
in 12 believe our plan offers the best solution for all
plan 13 eastern Jackson County. We have submitted this
14 to your office on behalf of the communities of
15 eastern Jackson County. The elected officials of
of 16 these cities have adopted resolutions in support
Copies 17 the Truman Heartland Community Foundation.
I 18 of those resolutions are included in the material
19 provided.
we 20 Finally, on behalf of the foundation,
21 appreciate the opportunity to come before you
22 tonight in this hearing and would -- tell you

that

23 we're available for any questions that you might
24 have as the process goes on.

25 ATTORNEY GENERAL NIXON: Thank you for

1 your focus and specific comments and the very
2 specific way in which you laid them out.
3 Stan Shurmantine, Dennis O'Neill, then
4 Eunice Tooley.
5 MR. SHURMANTINE: Mr. Attorney General,
6 thank you for this public hearing and the one
last
7 week in Kansas City. My name is Stan
Shurmantine,
8 and I'm a City Councilman and Mayor pro tem for
the
9 City of Lexington, Missouri, the home of
Lafayette
10 Regional Health Center.
11 Lexington Memorial Hospital was built
by
12 the citizens of Lexington to meet the health care
13 needs of our community. The City of Lexington
owns
14 a facility and entered into a business venture
with
15 Research Development Corporation, later to become
16 Health Midwest, in 1984 to operate Lafayette
17 Regional Health Center, now the only hospital in
18 Lafayette County.
19 Over the past several weeks much has
been
20 said and written concerning the proposed sale of
21 Health Midwest to HCA. The vast majority of what
22 has been said and written has concerned the
impact
23 of this sale on the urban core of Kansas City.
Much

this 24 has been said and written about the impact of
25 sale on the suburban area. Very little has been

the County the

1 said or written about the impact of this sale on

2 rural area affected. Lexington and Lafayette

3 represent the rural area of Missouri affected by

4 proposed sale, and it would have a tremendous

5 impact.

6 We have three very basic concerns

7 regarding this sale. One, the future of medical

8 care in the county; two, the determination of the

9 sale price; and three, the disposition of the

assets

10 if the sale is approved.

11 First, it is essential that we continue

to

12 have a hospital located in Lexington which is

13 sensitive to the health care needs of our

community

14 and all of Lafayette County. Our communities are

15 rural and far removed from the urban and suburban

16 culture and locations of Health Midwest. Our

17 hospital is equipped to provide surgical and

18 obstetrical services, but has not done so in

recent

19 years, focusing on medical and outpatient

services.

20 In addition to this, Health Midwest

21 operates the local medical clinics in Lexington,

22 Odessa, Waverly and Higginsville, all located in

23 Lafayette County. What is the future of these

24 facilities?

Mr. Nixon, our first concern is that

our 1 Lafayette County's health care needs be met by
2 local hospital and clinics now and in the future.
future 3 And Mr. Nixon, in this matter, we define the
4 as much longer than three years.

determined? 5 Second, how is the sale price
6 Were accounting methods used which can determine
the 7 value of the Health Midwest assets by locale?
The 8 assets accumulated by Health Midwest were earned
at 9 the local level from local citizens.

is 10 Third, Lafayette Regional Health Center
11 a small but significant contributor to the
business 12 of health care for Health Midwest. We have been
an 13 asset to that corporation since 1984, both in
terms 14 of fiscal management and patient referrals to
larger 15 hospitals. It is important that the appropriate
16 portion of the proceeds from the sale of Health
17 Midwest remain in the area in which they were
18 generated.

Kansas 19 Mr. Nixon, the attorney general of
20 has already indicated the sale could not receive
her 21 approval with the establishment of one
foundation.

proceeds	22	We urge you to follow suit by requiring the
	23	be guaranteed to remain in the area in which they
up	24	were generated. Allow us the opportunity to set
or	25	a local foundation without sharing the proceeds

1 partner with an existing foundation to ensure the
2 funds are indeed distributed according to state
law 3 in the area in which they were generated. Once
4 again, thank you for this opportunity.

5 ATTORNEY GENERAL NIXON: Stan, thank
you 6 very much. I know you came down to Kansas City
last 7 week. We couldn't get to you. I know you've had
to 8 wait a long time this evening. I don't want that
9 wait to in any way, shape or form diminish in
your 10 eyes, in Lexington's eyes and Lafayette County,
the 11 same as the Belton Hospital in Cass County and
other 12 rural areas, the intense understanding I have for
13 these issues, coming from a relatively rural area
of 14 myself in Jefferson County. I know how hospitals
are 15 this nature form a bond with their community and
health 16 an asset in many, many ways other than just
17 care.

18 I thank you for your specific nature of
19 your comments this evening. I take them
extremely 20 seriously. And I think your stick-to-it-ive-ness
of 21 sitting through now as many hearings as I have
shows

22
constituents

the intensity with which you and your

23

feel on this issue. I thank you very much.

24

MR. SHURMANTINE: Thank you.

25

O'Neill,

ATTORNEY GENERAL NIXON: Dennis

1 then Eunice Tooley, then Dr. Jasper Fullard.

2 MR. O'NEILL: Attorney General Nixon,
3 thank you for the opportunity to address you this
4 evening. Like some of the speakers before, I've

had

5 to kind of edit some of my responses having
6 of the lawsuit filed against you.

learned

7 ATTORNEY GENERAL NIXON: There were a
8 whole bunch of other lawsuits filed against me
9 today. That's not the only one today.

purposes,

10 MR. O'NEILL: Lawyers serve two

believe

11 one is clarify and the other to confuse. I

12 you are serving the purpose of clarifying, and I

13 believe Health Midwest is trying to confuse the

we

14 public and speed this process up for reasons that

15 can only guess at. And I appreciate your holding

16 steadfast to these hearings, and I hope you will

17 hold additional hearings.

in

18 I should comment since there are nurses

and

19 the crowd. First Health Midwest battles nurses

20 now they are battling the attorney general of the

21 State of Missouri. I am here representing this

22 evening the Kansas City Neighborhood Action

23 Committee.

24 ATTORNEY GENERAL NIXON: You begin your

1 MR. O'NEILL: It could be downhill from
2 there.

3 ATTORNEY GENERAL NIXON: You have
managed
4 to play somewhat to the crowd. You're very
5 efficient. I respect that.

6 MR. O'NEILL: We've been studying the
7 conversion for nearly two months. In addition we
8 are actively participating with the Missouri
Kansas
9 Health Watch Coalition. My testimony tonight
will
10 focus mainly on the proceeds issue, that is, the
11 foundation issue.

12 First, we note that we view the Health
13 Midwest sale with considerable skepticism, and
14 further, we view the management of Health Midwest
as
15 failed management and the board as having failed
in
16 its oversight role. I could list specifics, but
in
17 the interest of time I won't. We will include
them
18 in writing to you.

19 Given the failure of leadership, why
would
20 we trust the current administration and board to
21 form a new foundation or foundations. Simply, we
do
22 not trust that they have the commitment,
experience
23 or openness to form foundations capable of

make	24	continuing the missions of the hospitals that
largely	25	up the Health Midwest system, the hospitals

the
Midwest
missions

1 built by these communities. In fact, we believe
2 public record supports this, that the Health
3 board was moving to direct the proceeds to narrow
4 missions truly not related to the initial
5 of the hospitals.

the
hospitals

6 Specifically we address this evening
7 following points. Mission of the founding
8 hospitals. The missions of the founding
9 must be the guide to the missions of the new
10 foundation. Health Midwest would like their 1991
11 mission to be the mission of the new foundation.
12 Let us be clear. Health Midwest is a holding
13 company. Do not allow the holding company's
mission
14 be the guide to the foundation's missions.

care
research.
economic
care

15 Hospitals that folded into the Health
16 Midwest system were dedicated to direct health
17 services. They were not into speculative
18 Do not allow the mission to be drafted so the
19 proceeds can be redirected to some sort of
20 development scheme around a life science
21 initiative. We must keep the mission focused on
22 direct health care services and direct health
23 needs.

24 Two. Support multifoundations. The
25 Health Midwest system developed largely by the

hospitals 1 merger of not-for-profit hospitals. These
2 serve to their local community benefit.

3 ATTORNEY GENERAL NIXON: If you could
4 continue, I will be back in like three minutes.
Go 5 ahead and continue.

6 MR. O'NEILL: Since these communities
7 continue to build the hospitals over time, they
have 8 every right to expect to have some direct and
9 proportional control over the proceeds from the
10 sale. Communities have every right to expect
that 11 the proceeds from the sale will go back to their
12 communities. Since any of the hospitals that
merged 13 with the Health Midwest system have the option to
14 sell their assets and set up their own
foundation, 15 it can be assumed that they would never have
turned 16 over cash to some central foundation to
distribute 17 as it saw fit.

18 Third point. Community involvement.
The 19 community must be involved in shaping the
planning 20 process for the new foundations. Currently the
21 communities' only mechanism appears to be by way
of 22 these meetings and through press releases.
Health

23 Midwest must open up the planning process. And
24 clearly, filing suits is not opening up the
planning
25 process.

1 It has been rumored for years -- that
2 applause just begs me to go a little further. It
3 has been rumored for years that Health Midwest's
4 style of management is close to that of bullying,
5 and that's been driven in the community for a
long
6 time. And the style is I think showing, and it
may
7 well be the reason that they are in desperate
8 straits now. Their behaviors have caught up with
9 them, and unfortunately we're going to suffer.

10 The board of directors is the fourth
11 point. The board of directors must not be the
12 current board of the holding company. The board
of
13 the new foundation must be diverse and reflect
the
14 community served. Since the general public is
the
15 beneficiary of nonprofit assets and has
participated
16 to building their value, the foundations must
have a
17 strong public character. The board must have the
18 skills necessary to understand the community's
19 health needs, public health, finance and
20 philanthropy. Technical qualifications aside,
the
21 board must reflect the community.

22 The current board of Health Midwest has
23 been incapable of applying diversity. They have
24 been incapable of appointing diversity, and we

just

25

heard here tonight there is no one on the board

from

in 1 this end of the county. We must have mechanisms
2 place to ensure diversity on these foundations.
3 Fifth point. Community advisory
by 4 committee. We support the mechanisms developed
to 5 the attorney general in the Blue Cross conversion
think 6 create and maintain an advisory committee. We
mechanism. 7 you have done an excellent job with that
8 This may be one of the most important aspects for
9 ensuring that these foundations serve the public
10 trust for generations to come. We must make sure
11 that there is a mechanism for keeping the board
12 diverse and responsive over the years.
13 Sixth point. Open meetings and open
14 records. Missouri's open record meeting law, the
for 15 Sunshine Law, should be the guide for openness
nonprofit 16 the foundation. We are not certain that a
same 17 foundation can be operated under that law the
can 18 as public agencies, but whatever mechanism you
19 arrange, articles of incorporation, bylaws and
20 contracts, please do so so that the public can
force 21 openness and can force the disclosure of records.
22 Under current law, as you know,
citizens

23 can file suit if a governmental agency withholds
24 documents. We need to have some mechanism where
we
25 can insist or force foundations to produce
records

130

not
has
1 and hold public meetings if they should choose
2 to. Even though we have this mechanism under law
3 for governmental agencies, from time to time one
4 to file suits and take those sort of actions. We
5 have to have some mechanism that the public can
6 force the open meeting.

And
you,
that
will
and
7 Seventh, do not segment the approval.
8 this lawsuit is going to be putting pressure on
9 but do not segment the approval. We want the
10 Attorney General to make certain that the sale
11 doesn't go through without the foundation issue
12 being resolved. Our fear is that the further
13 the foundation issues get put off and the further
14 out of the public light, the less control you
15 have and the less control the public will have
16 the less input.

17 ATTORNEY GENERAL NIXON: When you say,
18 "segment," you mean two different issues?

the
19 MR. O'NEILL: Yeah. You know, approve
20 sale, but then work on the foundation issue. We
21 would prefer you to not separate those out.

22 Prohibit use of foundation monies for
23 campaigns. Health Midwest, a nonprofit
corporation,

monies	24	has from time to time seen fit to contribute
to	25	to issues campaigns that have absolutely nothing

1 do with health care. This is the same foundation
2 that now is in serious financial stress. Yet
they
3 found it possible to donate or contribute
thousands
4 of dollars to issues campaigns. In fact, tens of
5 thousands of dollars, and the public record will
6 back up my remarks.

7 We do believe, and I think this is the
way
8 you operate, that these -- that the foundation
must
9 be kept independent of HCA and hopefully
independent
10 of any surviving entities associated with Health
11 Midwest.

12 Finally, we have not had time to review
13 fully the document entitled, "Government
Structure
14 for the New Foundation," submitted on Friday by
15 Health Midwest. On first review of the document
it
16 appears to perpetuate the Health Midwest board to
17 create such a convoluted structure as to keep
18 control in the hands of a few. We will be
19 responding more in detail as we study this.

Thank
20 you very much.

21 ATTORNEY GENERAL NIXON: Eunice Tooley,
22 then Dr. Jasper Fullard, then Susan Morgan and
Terry
23 Riley.

24 MS. TOOLEY: Hello, General Nixon. My
25 name is Eunice Tooley. I have been a registered

I nurse for 25 years. I live in Lee's Summit, and
am a member of Nurses United AFT Health Care.

I don't think there is any doubt in
anyone's mind that the potential sale of Health
Midwest to HCA will mean some major changes in
the way health care is delivered in our community.

The main question is: Will it get better or worse?
Will HCA provide quality health care?

excellent HCA has said that they have an
record of care in the communities where they
operate. However, upon doing a little research I
found that HCA owns a hospital in Kansas, Wesley
Medical Center in Wichita. According to an
article on September 10th, 2000, in the Chicago Tribune,
HCA produced an environment where nurses often were
too overworked to adequately care for patients.

Wesley was staffed only by numbers of patients and never
by acuity and with budget always in mind. The
Tribune cited Wesley Medical as an example of inadequate
staffing leading to patient care problems.

on This article prompted CNN to do a story
a woman named Shirley Keck last year as part of a

23 national report on staffing and patient care.
24 Shirley Keck suffered a stroke, and nearly two
25 months later she left Wesley Medical Center brain

way
pills
alive.
paid
story
with
was
that
pursuing
Board
commitment
to

1 damaged, unable to walk, talk or function in any
2 by herself. Shirley now depends on almost 30
3 a day and around the clock help to keep her
4 All of this, Becky her daughter states, because
5 nurses at Wesley were too busy to notice that her
6 mother couldn't breathe. Wesley Medical Center
7 \$2.7 million to settle the lawsuit with Shirley
8 Keck.
9 The following short video tells the
10 of care at Wesley Medical, including interviews
11 Allison Goodman, a nurse at Wesley Medical, who
12 a whistle-blower in a case exposing the short
13 staffing problem that she had documented. For
14 heroic act, HCA fired her and is currently
15 a case against her in Kansas before the Kansas
16 of Nursing attempting to take away her license.
17 Is that an indication of HCA's
18 to its nurses and patients? Is this the level of
19 patient care we want for ourselves and our loved
20 ones here? If HCA buys Health Midwest, we want
21 have nurses -- excuse me -- we want to have safe
22 nurse to patient ratios included in legally

binding

23 form in the conditions of the sale. Just like

24 Allison, we as nurses are mandated to advocate
for

25 our patients. Okay. Let's watch this short
video.

1 Thank you.

2 (Whereupon, a videotape was played.)

3 ATTORNEY GENERAL NIXON: Thank you.

Dr.

4 Jasper Fullard -- Susan Morgan, then Terry Riley

and

5 Frederick Hahn, then Shirley Fearon.

6 MS. MORGAN: Good evening. I'm Susan

7 Morgan, and I'm president of the Missouri

Nurses'

8 Association. The Missouri Nurses' Association is

a

9 constituent member of the American Nurses'

10 Association representing nurses across the State

of

11 Missouri as well as in the Kansas City area. And

we

12 are a member of the coalition for monitoring the

13 sale of Health Midwest. We support the statement

of

14 concern as put forth by the coalition.

15 As a multipurpose nursing organization,

we

16 recognize the benefits and the drawbacks of the

sale

17 of a large not-for-profit health system to a

18 for-profit health care entity. We urge the

attorney

19 generals of both Missouri and Kansas to ensure

the

20 sale of Health Midwest to HCA is in the best

21 interests of the citizens of the State of

Missouri

22 and the citizens of the greater Kansas City area.

in 23 Nursing enjoys a contract with society
24 which nurses abide by the code of ethics in
25 providing care to those seeking nursing services.

in 1 Honoring our contract over the years has resulted
2 nurses being viewed as highly trustworthy by the
us 3 American public. It is this trust that compels
4 to express the need to examine the sale of Health
5 Midwest with the utmost scrutiny.

includes 6 The societal role of the hospital
7 the carrying out of core health enhancing
8 activities, such as prevention of illness, acute
is 9 care and wellness promotion to the community. It
10 imperative that these essential services continue
to 11 be offered to the community following the sale of
12 Health Midwest. Cost cutting in the form of
13 downsizing that is inconsistent with the mission
and 14 the social duty of the Health Midwest system
15 hospitals is unacceptable.

entity 16 It is important for the purchasing
17 to perceive the extent of the unmet needs of the
18 community and to address those needs.

Maintaining 19 and increasing staff nurses is a way to show
respect 20 for the autonomy and dignity of the patients
served 21 and of the community at large. Doing so will
22 decrease the tension between what is needed by
the

23 community and what is provided by the newly
ultimately 24 purchased health care system. This will
as 25 serve the needs of the purchasing entity as well

1 the needs of the community.

2 As has been noted, nurse to patient
3 staffing is a safety issue. As also noted, it is
4 considered of such import that the state of
5 California has already adopted legislation that
6 addresses nurse to patient ratios, and a number
7 other states are following suit.

8 The Joint Commission on Accreditation
9 Health Care Organizations has reported findings
10 confirm a link between insufficient nurse
11 and an increase in serious patient safety issues.
12 Studies such as this support the sizeable and
13 significant effects of registered staff nurse
14 on preventable hospital deaths and support the
15 notion that improving staffing may not only save
16 patient's lives and decrease nurse turnover, but
17 also reduce hospital costs.

18 Inappropriate staffing is the number
19 concern of nurses today. Nurses already face
20 stress and challenges as they practice, and they
21 must care for a greater number of patients than
22 before and patients that are more acutely ill
23 in the past. Adequate nurse staffing is critical

of

of

that

staffing

levels

one

great

ever

than

to

24 the delivery of quality patient care because it
25 allows nurses time for appropriate assessment of

1 patients and their needs and initiation of
suitable 2 interventions.

3 With this evidence, it is
unconscionable 4 for a health care entity to consider reductions
in 5 nurse staffing. We urge the Attorney General to
6 ensure that reductions in nurse staff as a
7 cost-cutting measure will not occur as a result
of 8 this sale.

9 In April of 2002 the American Hospital
10 Association published a document titled, "In Our
11 Hands, How Hospital Leaders Can Build a Thriving
12 Work Force." Five recommendations are put forth
in 13 this document. As HCA will assume a seat on the
14 board of the Missouri Hospital Association, we
15 believe it is important that at the very least
they 16 incorporate recommendations of the American
Hospital 17 Association into their practices regarding
18 improvement of the work place, collaborating with
19 others and building societal support.

20 The American Hospital Association
21 recommends improving the work place partnership
by 22 creating a culture in which hospital staff,
23 including clinical support and managerial staff,
are

24 valued, have a sustained voice in shaping
25 institutional policies and receive appropriate

1 rewards and recognitions for their efforts.
2 Creating an organizational culture that permits
3 patients to receive excellent care from nurses
4 practicing in an excellent health care
environment
5 is consistent with the characteristics of magnet
6 hospitals and it is a proven strategy to recruit
and
7 retain nurses.
8 The American Hospital Association
9 recommends collaboration with others, such as
health
10 care and professional associations, educational
11 institutions, corporations, philanthropic
12 organizations and the government so as to attract
13 new entrants to the health professions.
14 The Missouri Nurses' Association
strongly
15 urges the Attorney General to assure that all
levels
16 of nursing, licensed practical nursing, associate
17 degree nursing, baccalaureate degree nursing,
18 master's degree nursing and doctorate degree
19 nursing, will be welcomed by the purchasing
entity.
20 The American Hospital Association
21 recommends building societal support where public
22 policies and resources needed to help hospital's
23 hire and retain a qualified work force. We
believe
24 it is incumbent upon the Attorney General to
ensure

1 societal support and not place the community in
2 jeopardy regarding a continued offering of
services,
3 such as trauma care, burn care, perinatal ICU
care,
4 care for the chronically ill, including care for
5 those with AIDS, which may not be profit
producing,
6 yet are essential to the health of the community.

7 As the sale moves forward, we trust
that
8 the Attorney General will view the sale of such a
9 large not-for-profit health care system as a
moral
10 act and ensure the provision of care to those in
11 need, justice for those already in the system and
12 elimination of the potential for price gouging in
13 the future and abuses of the uninsured or
14 underinsured. Thank you for allowing me to speak
15 this evening.

16 ATTORNEY GENERAL NIXON: Terry Riley,
then
17 Frederick Hahn, then Elliott Huron -- Frederick
18 Hahn, then Shirley Fearon, then Alfred Davis.

19 MR. RILEY: Attorney General Nixon,
20 residents of eastern Jackson County, patients of
21 eastern Jackson County, health care providers of
22 eastern Jackson County and interested parties.

Dr.

23 Sukumar Ethirijan was to, who was president of
the
24 society this year, present this paper this

evening.

another 25

I think he kind of patiently waited through

another 1 evening and was far enough down and he had
2 commitment tonight, he had to leave, so I'm
3 presenting the testimony this evening.

4 I might add that probably many of the
5 people here in eastern Jackson County I know. I
6 started in the health care system here in 1965
7 working in an emergency room in Independence
8 Sanitarium. That was before it became
Independence 9 Regional. And during that time I served both the
10 Independence Regional and Medical Center
Hospital,
11 gone through the staff, staff president of those
12 staffs, have served in the Metropolitan Medical
13 Society as president of staff there and the state
14 medical society. So I feel like I have a little
bit
15 of a feel for what goes on.

16 I think that the interest in health
care
17 in eastern Jackson County has always been very
18 personal. It has been a community thing. And
when
19 we started in our practice in eastern Jackson
20 County, we found that it was important that we
have
21 a new wing in Independence Regional, which was
then
22 the sanitarium. Important enough that each of us
23 from our paycheck once a month for five years
made a

24 contribution to the building of that wing. We
25 provided our own instruments in those days. This

1 was a different time and a different concern.
2 As we've gone on, health care has
changed,
3 and I think that we've seen a change also come in
4 volunteerism, for example. I can look back and
see
5 the days when the number of people volunteering,
the
6 importance of volunteering was different than it
is
7 today. It was a large community concern.
8 Tremendous gifts were given by those folks that
were
9 volunteering because it was a community hospital.
10 So even though we are becoming larger, it's still
11 important that we be a part of the hospitals that
we
12 serve.
13 Now, mixed with that, I do want to
hasten
14 to say, I don't know whether there are any HCA
15 people here or not, but I served at the Medical
16 Center of Independence going through their staff
17 positions, on their board also, for a number of
18 years on the board.
19 And while I was on the board I had the
20 opportunity first to participate and visit
Tennessee
21 with HAI and then transition to HCA. And I felt
22 that that organization and I will say that that
23 organization did care about patient care. And I
had

his

24 an opportunity to meet the Senior Dr. Frisses who
25 started HCA. And I had the opportunity to meet

his 1 son, who is in charge now, and the senator also,
2 brother.

3 And I do think that they have an innate
4 care for people that need health care. I think
they 5 have a good understanding because of their
medical 6 background. I understand at the same time that
they 7 do have an interest in it being for profit not
8 instead of not for profit.

9 But with that background, I will say
that 10 the experience that I've had with HCA was good.
I 11 will say there was an interval in which
Independence 12 Regional Hospital had the experience with
Columbia 13 HCA. And I can't say -- that personally from my
own 14 understanding, that was not a good experience
15 because I think that bottom line. I think the
16 distant person -- or distant organization that
17 controlled that and perhaps the two D.'s,
distance 18 and dollars, were more important than the
personal 19 part of health care in that situation.

20 Anyway, bottom line, as far as I'm
21 concerned, I think HCA does have an understanding
of 22 health care. My experience with them is that

they

23 would come to us and try to help us to do things

is 24 better and in that way save money. And if there

25 a profit in doing it better and more carefully,

1 that's fine. So that's my personal input.

2 Then from there I would like to give

the

3 testimony that Dr. Ethirijan had prepared for the

4 medical society physicians. The physicians of

the

5 Metropolitan Medical Society are responsible for

the

6 care and treatment of patients in the Health

Midwest

7 hospital system. The medical society has a

8 tradition going back to 1881 of ensuring the

highest

9 standards of medical care for the Kansas City

area.

10 We have made it our business to help physicians

11 deliver medical care in the best way possible.

With

12 that in mind, it is with great sincerity that we

13 appreciate the approach of this sale.

14 Like owners in the community, the

15 Metropolitan Medical Society is saddened that we

are

16 losing the community's largest not-for-profit

health

17 system. At the same time we are extremely

18 encouraged and hopeful that initial comments from

19 the for-profit buyer, HCA, have been made to

improve

20 and enhance Health Midwest facilities. We are

21 excited by the prospect of having fresh, modern

22 facilities at which to care for our patients with

23 the latest modern technology.

be	24	We are also adamant that the community
what	25	safeguarded from the possibility of not getting

Health
capital
improvements

1 it has been promised. Physicians of Kansas City
2 understand that the age and condition of most
3 Midwest facilities will require substantial
4 improvement soon in order to maintain the highest
5 level of care. The Metropolitan Medical Society
6 calls for written and binding assurance from HCA
7 that they will spend the majority of the promised
8 \$450 million in capital expenditures on
9 that directly impact patient care.

Society
closures
to
into

10 The patients who receive care and the
11 physicians who deliver medical care in the Health
12 Midwest hospitals understand and appreciate the
13 value of each of these hospitals throughout the
14 Kansas City area. The Metropolitan Medical
15 fears that hasty decisions about hospital
16 being made which will have lasting and negative
17 repercussions on our community. We encourage HCA
18 adopt a moratorium on hospital closures until a
19 thorough public investigation can be conducted
20 individual community needs and each hospital's
21 viability.

facilities
HCA

22 If it is determined that some
23 are too costly to repair, we strongly encourage

24 to consider building new facilities to replace
25 closed hospitals in nearby locations that are
easily

1 accessible to patients and in our urban centers.

2 The not-for-profit missions of the
3 hospitals that comprise the Health Midwest system
4 have provided health care for decades for those
5 patients who are unable to pay. The loss of our
6 largest not-for-profit health system begs the
7 question: What will happen to indigent care?

The

8 community must continue to make care for our
9 indigent patients a high priority without
10 overburdening the remaining not-for-profit
11 hospitals.

12 We strongly encourage you and Attorney
13 General Stovall in Kansas to require HCA to state
14 writing the level of indigent care it will

in

provide.

15 HCA has promised to care for the indigent

patients

16 at the same level that Health Midwest did. We
17 should be sure that those levels are adequate for
18 market of this size.

a

19 It will also be important to specify

how

20 indigent care is calculated. Is it simply unpaid
21 bills or is it HIV programs and other programs

that

22 deliberately serve underserved patients? We need

to

23 be clear what is being counted as indigent care.

24 We ask you to require patients' safety

and 25 commitments in writing, including nursing ratios

nurses' 1 bar coded medication dosing systems. The
have 2 union has presented some evidence that promises
has 3 not been kept in other cities and patient safety
4 not improved. We should ensure that won't happen
5 here.

6 The Metropolitan Medical Society is
7 extremely concerned that the missions of the
Midwest 8 separate hospitals that comprise the Health
whom 9 are preserved. The community leaders, many of
10 were physicians who created the various hospitals
ideas 11 that now make up Health Midwest, have distinct
those 12 about how health care should be delivered and
13 institutions were founded on those priorities.
We 14 believe that additional care must be taken to
15 maintain the missions of the component hospitals
as 16 the nonprofit sells to the for-profit entity.

boards 17 The composition of the foundations'
18 and the governance of the boards are critical.
19 Board members should be free of conflict of
20 interest. Disclosure should be made before
21 foundation board members are selected.
Practicing 22 physicians continue to be closely involved in

23 patient care attuned to need in the community.
24 Knowing that one or more physicians representing
the
25 Metropolitan Medical Society of Greater Kansas
City

the 1 should be included on the board of directors of
2 community foundations.
3 A time line for funding the foundations
4 and a contingency plan in case the money is not
5 deposited as promised should be established. The
6 medical society understands that a foundation
7 created by a not-for-profit sale in St. Louis two
8 years ago has still not been funded. We should
9 learn from that situation and plan accordingly to
10 prevent that from happening.
11 The Metropolitan Medical Society is
12 hopeful --
Which 13 ATTORNEY GENERAL NIXON: Excuse me.
14 deal in St. Louis are you referring to?
that, 15 MR. RILEY: Ron, can you help me on
16 which hospital that was?
the 17 UNIDENTIFIED SPEAKER: I think it was
18 Blue Cross/Blue Shield sale.
19 MR. RILEY: The Blue Cross/Blue Shield
20 sale?
21 ATTORNEY GENERAL NIXON: There is \$989
22 million in the bank today on that.
the 23 UNIDENTIFIED SPEAKER: I think it was
24 Tenant sale.
was 25 ATTORNEY GENERAL NIXON: Tenant sale

1 \$356 million in the St. Louis University pockets
2 because of that sale. There are none that I'm
aware
3 of. I'm sorry. I mean, that's my watch. I kind
of
4 watch that sort of stuff.

5 MR. RILEY: We're glad that you do.

6 ATTORNEY GENERAL NIXON: I don't think
7 anybody hasn't paid their bills. I think all of
8 those have been paid. If you have some example
of
9 something that hasn't, I would like to know.

10 MR. RILEY: I will get together. I'm
11 doing Dr. Sukumar's paper here, but we will sure
12 check that out. I hope I'm not misstating here.
We
13 believe in transparency.

14 The Metropolitan Medical Society is
15 hopeful that the state's involvement in this sale
16 will ensure transparency and accountability of
the
17 transaction balanced with the necessity of
18 confidentiality of the issues. Transparency and
19 accountability are important now and in the
future
20 transactions with Health Midwest hospitals.

21 On a technical level, our local public
22 health officials have done extensive work
creating
23 an electronic network with local hospitals to
24 monitor potential bioterrorist events. We would

25
interpreted

strongly suggest that the system not be

1 or changed in any way that would disturb the
2 effectiveness of the network, even though it may
not
3 be the same system that HCA uses in other areas.

4 This sale is an unprecedented
opportunity
5 without a doubt. The Metropolitan Medical
Society
6 urges you, Mr. Nixon, to do all that you can to
7 ensure the important issues addressed in
8 perpetuity. Like everything else, it's an
important
9 process. Beyond what can be mandated by the
state,
10 we will further urge HCA to accept voluntary
11 suggestions from the community.

12 The Metropolitan Medical Society looks
13 forward to continued involvement and
participation
14 in this process. We are optimistic about the
15 opportunities HCA will have to make a positive
mark
16 on our community. I wish you all good luck in
17 making this a successful endeavor. And I
personally
18 thank you for the opportunity to present this
19 testimony. And I know that the heart of the
20 Metropolitan Medical Society is certainly in not
21 only this transaction, but that it brings good
22 health care to our community. Thank you.

23 ATTORNEY GENERAL NIXON: Give my best
to

24 Dr. Sukumar, and I know he has been very patient.

25 MR. RILEY: I certainly will. Thank

1 you.

2 ATTORNEY GENERAL NIXON: Shirley

3 then Dr. Alfred Davis, then Delmira

4 MS. FEARON: Thank you. My name is

5 Shirley Fearon. I'm a resident of Raytown. I'm

6 nurse. I have been involved in the development,

7 operation and support of mental health and

8 abuse services in Jackson County for 40 years.

9 here as a representative of myself, but also

10 representing mental health and substance abuse

11 consumers, providers, advocates.

12 And I want to call to your attention

13 to that of the audience, because we've been so

14 focused on hospital-based services, that Health

15 Midwest has made a substantial contribution to

16 mentally ill and to substance abuse programs

17 throughout this region. It has operated mental

18 health acute care units. It has a substance

19 recovery program for cocaine addicted pregnant

20 and their children operating in downtown Kansas

21 City.

22 It has given enormous financial,

23 administrative, management support to a very

small

24 mental health center that serves south Jackson
25 County, Raytown, Lee's Summit, Hickman Mills,

1 Grandview and south Kansas City. Research Mental
2 Health Services has been in operation in the
3 Jackson County community since 1968, and became a part of
4 the Research Health Services system and the
5 Health Midwest services system, and benefitted greatly
6 from their expertise and financial support.

7 I believe that we have focused on
8 health care because HCA is buying hospitals, but I need
9 to underscore that Health Midwest has made many,
10 many contributions to the community-based health and
11 mental health and substance abuse services in the
12 county. The nonprofit agencies that are not
13 purchase probably going to be a part of the hospital
14 because we're not hospitals, we're community
15 oriented, will need the support to stand alone
16 and to start up again as independent nonprofit
17 agencies.

18 But I also want to speak to the
19 charitable opportunities that should come back to the mental
20 health and substance abuse arena. I served as a
21 commissioner for the State Department of Mental
22 Health, and I can attest to the enormous revenue
23 shortfalls that have impacted the care for the
mentally ill and substance abuse for the mentally

24
particularly

retarded and developmentally disabled,

25

those with autism who have no voice to speak for

152

1 themselves.

2 I am hopeful, in fact, I am very

excited 3 about the possibility of charitable dollars

4 coming back to support a broad network of community-

based 5 care for children, adults and the elderly. We

6 haven't heard too much about this arena because

it 7 became focused on hospitals, but the mental

health 8 and substance abuse service providers in this

area 9 understand that we are the underpinning to a

healthy 10 community as well.

11 I'm excited about a needs assessment

being 12 conducted by the Health Midwest Foundation. We

are 13 badly in need of a health assessment for mental

14 health needs. And I believe that given a strong

15 mental health levy board that exists in Jackson

16 County, the combat team that has been very active

in 17 terms of its fight against drugs, all of the

18 community mental health centers, the residential

19 treatment facilities and those agencies that are

20 hidden in a sense because they are in the

community, 21 would be invited to participate in an interactive

22 needs assessment and strategic planning process

that

that 23 could build in Jackson County a system of care
24 would be unparalleled in the state.
I 25 I am supportive of the sale to HCA, and

Countians, 1 feel that the opportunity for all Jackson
but 2 not urban versus suburban and east versus west,
dedicated 3 there is one cohesive foundation that is
4 to the systems of care with input and advice from
5 community advisors. Thank you.
Davis, 6 ATTORNEY GENERAL NIXON: Dr. Alfred
Howard 7 Delmira Kamehameha, Dr. John Hall, then Dr.
8 Braby.
9 MS. KAMEHAMEHA: Good evening, Mr.
is 10 Attorney General. Ladies and gentlemen. My name
11 Delmira O'Shaughnessy Quantess Kamehameha. I am a
12 community and human rights advocate and have been
13 for 15 years. I represent over 50 coalitions of
14 what we call the coalition of 50 organizations of
of 15 human rights activists concerned with the needs
16 the poor, the elderly and the indigent.
17 We believe Mr. Attorney General, and we
of 18 humbly respectfully ask you not to allow the sale
that 19 HCA for the following reasons. One, we believe
20 Health Midwest has become and has been a monopoly
21 and has continuously committed itself to closing
22 inner city hospitals, holding the community
hostage 23 for many, many years. They have bought up large

the	24	sums of real estate in the inner city, removing
can	25	poor and elderly from their homes so that they

1 expand their empire.

2 We believe that there are three things
3 that the Attorney General should consider in his
4 investigation. One, that Health Midwest was a
5 monopoly and violated federal law. Two, the
6 misappropriation of Medicaid and Medicare for the
7 elderly when billing patients and hospitals.

Three,

8 the number of numerous deaths of patients because
9 negligence and removing family members from being
10 over their loved ones in hospitals, causing the
11 deaths of elderly patients in the kidney dialysis
12 units.

13 Mr. Attorney General, we support the
14 nurses, all the nurses, for those who put their
15 professions on the line to warn the public of the
16 disgraceful behavior of what many of us call
17 corporate thugs.

18 We believe, Mr. Attorney General, that
19 will depend on you to investigate these matters,
20 a petition will be passed and is being passed in
21 community. This petition, when it has been
22 completed, will be given to you and the attorney
23 general of the United States because we believe
24 federal and state law has been violated.

we
and
the

25 I know this for a fact, Mr. Attorney

Health 1 General, because I lost my father at one of
not 2 Midwest's hospitals. He died because of their
hospital 3 arrogance in moving him from a hospital we did
4 ask to be removed from and was taken to a
5 he didn't want to be at. To me, I call it
6 kidnapping, but I am not here to discuss my
father, 7 for my father cannot be brought back to me, but I
8 can help those -- to keep those from losing their
9 loved ones.

10 Therefore, I ask you, Mr. Attorney
ask 11 General, to please investigate these matters and
12 the Honorable Attorney -- pardon me -- ask the
13 Honorable Mrs. Claire McCaskill that an audit be
14 done on Health Midwest. We believe that if this
15 audit is done, these misappropriations will be
16 brought forward. I thank you very much, sir, for
17 allowing me to speak this evening. Thank you.

18 ATTORNEY GENERAL NIXON: Dr. John
19 Hall, Dr. Howard Braby, followed by Christine
20 Taylor-Butler and Charlie Fisher.

21 MR. BRABY: Attorney General Nixon.
22 Thank you for having the meetings here in eastern
express 23 Jackson County, giving us the opportunity to
24 our views. I'm Dr. Howard Braby. I'm currently
the

1 City of Independence. I'm a retired obstetrician
2 and gynecologist and have been in practice for 33
3 years in Independence and worked at the
Independence
4 Regional Health Center as well as MCI. So I have
a
5 background that is very strong in this community.
6 Independence Regional was developed by
the
7 RLDS Church, now called the Community of Christ
8 Church. It came from a resolution passed in
1906,
9 and part of that resolution might be interpreted
as
10 the mission statement, which we would call it
today,
11 back then they didn't call it a mission
statement,
12 but it was to serve as a place of refuge for the
13 sick and afflicted.
14 We have now 93 years where this
15 institution, which is now called Independence
16 Regional Health Center, has served our community.
17 It has been supported for 93 years by the
citizens
18 of this community through thousands and thousands
of
19 hours of service, as well as thousands and
thousands
20 of dollars.
21 Dr. Hahn talked to you about how things
22 used to be. If we needed equipment, our
auxiliary

we 23 would work for funds and buy the equipment that
24 needed. When the hospitals expanded, we all
we 25 contributed funds to the development of that. So

1 have a significant not only emotional tie to this
2 institution, but we have a financial investment
in 3 the institution also.

4 The mission statement of Independence
5 Regional originally has been shifted in the way
it 6 has been effected. Back in the early years most
of 7 our problems were infectious diseases. They even
8 had a sanitarium for tuberculosis with the
original 9 hospitals. Later, as times have changed and
10 medicine has changed, now we're dealing mostly
with 11 chronic diseases.

12 You have the good resume of problems by
13 our Jackson County health representative that
talked 14 to you earlier, but today we're dealing with
heart 15 disease, cancer, hypertension, strokes. We have
an 16 epidemic of obesity that extends down now into
our 17 high schools, junior highs and grade schools --
18 middle schools, I guess it's called now, and
grade 19 schools. These are not problems that you can
give a 20 prescription to solve in a few days. They are
not 21 something you can just talk to in a doctor's
office

These 22 for a few minutes and resolve these problems.
23 are lifestyle changes that are very difficult to
24 overcome.
25 They are best served by a coordinated
or

not
volunteers
you
prevent a
make
heard
live
those
when

1 network of organizations within the community,
2 only your doctors and your nurses, your health
3 department -- your county health department, your
4 service organizations and your numerous
5 to create programs that have been known to be
6 effective that give follow-up and sustained
7 motivation so people go about these changes.
8 Every time you prevent a heart attack
9 save thousands of dollars. Every time you
10 stroke you save thousands of dollars in health
11 care. Preventive medicine is cost-effective. We
12 can best do that through a community that works
13 together, networks together and provides the
14 motivation and stimulation that's required to
15 these lifetime changes.
16 The board of Health Midwest, you've
17 many times, is not a representative of eastern
18 Jackson County. We have only I think one person
19 that lives in eastern Jackson County, none that
20 in Independence. It's a well-known fact that
21 that are not represented tend to get left out
22 the going gets tough and decisions or priorities
23 have to be made.

the 24 I strongly recommend that you consider
25 suburban Jackson County plan that has been

1 submitted. That would give the people of
2 Independence a deserved right for the charitable
3 funds to be used to improve the health care of
our
4 community. It will be made up of local people
that
5 understand their problems, that live and work in
our
6 communities, and we can work together to improve
the
7 health of our people. Thank you very much.

8 ATTORNEY GENERAL NIXON: Christine
9 Taylor-Butler, Charlie Fisher and Will McCarther,
10 then Tom Duggard.

11 MS. TAYLOR-BUTLER: My name is
Christine
12 Taylor-Butler, and I have the dubious distinction
of
13 following Dr. Starks who is the token minority
14 member on the Health Midwest board. I am the
token
15 minority member on the Baptist Lutheran
Foundation
16 Board. And unlike Dr. Starks, I'm not sure what
17 organization he is working for. It's not the
18 organization that I serve. It is not the
19 organization that my husband who up until August
was
20 the only black faculty member to serve on any of
the
21 central region family practice programs. He is
now
22 resigned and working for a different health care

23 provider.

24 I was here to talk about process and

25 proceeds, but because of that kind of self-
serving

1 presentation at the beginning, I wanted to talk a
2 little bit about diversity. There is a reason
why
3 you did not get your question answered. There is
4 none. Health Midwest has an all white board
because
5 they like it that way. The only reason why I
agreed
6 to serve on the then Trinity Lutheran board was
7 because the person who asked me was honest enough
to
8 tell me that it was just a bunch of white guys
and
9 they needed a different perspective. It was the
10 first honest answer my husband and I ever got out
of
11 a Health Midwest official in eight years.
12 I want to tell you that I was at the
13 Linwood meeting, and you said that you wanted HCA
to
14 provide health care as good as what was being
15 provided by Health Midwest. I want to know,
16 representing the people of Missouri, why you
would
17 set your standards that low?
18 And I object to the Health Midwest
board
19 showing the only minority available in the system
as
20 a photo -- on a photo -- excuse me -- on a Power
21 Point slide presentation. If you've got the
22 minorities, bring them up, but there is a
difference

every 23 between a slide presentation and the reality that
24 board members who volunteer and employees face
25 day. So I wanted to tell you a little bit about

161

be 1 process before I tell you what I think needs to
2 done with proceeds.
minorities 3 It's difficult to recruit other
4 because of the oppressive nature of Health
Midwest 5 and the negative reputation that it carries among
6 the general population. This negative perception
7 increased with the closure of Trinity Hospital
and 8 the promotion of several high profile executives
at 9 the same time as people were losing their jobs.
10 Minority participation in Health Midwest is often
11 relegated to unpaid board memberships that are
few 12 and far between.
13 The Trinity Foundation board questioned
Trinity 14 the process when Health Midwest closed the
15 Hospital. We were told that we were not a
16 consideration when the hospital closed. Many of
us 17 heard about it in the newspaper. At an angry
18 follow-up meeting we were told that Health
Midwest 19 was not required to tell us in advance.
20 Notification, if given at all, would only be
given 21 as a courtesy. We were never offered an
22 opportunity
Trinity as a foundation to look for ways to bolster

23 and keep that hospital open. How can the public
24 expect to be heard when they don't even listen to
25 us?

1 I was asked by the Trinity component of
2 the hospital foundation board to write an interim
3 mission statement citing community and health
care
4 providers as the primary beneficiaries of the
fund.
5 It was not clear we would merge with the Baptist
6 board for reasons unrelated to that board, but
based
7 on our need to ensure that we had ways to protect
8 those funds such that the community hurt by the
9 Trinity closing would be served.
10 Now, here's what I wrote. You would
have
11 thought after I wrote this that I was identified
as
12 a member of al Qaeda. That the focus of the fund
13 distribution will be to benefit the community as
14 defined as the mid-town and downtown communities.
15 It should be noted that we also include Kansas
City,
16 Kansas, because we were drawing a large number of
17 that population because of the closure of
Bethany.
18 That the other beneficiary would be
health
19 care providers: doctors, nurses, front line
staff.
20 As the beneficiary and victim of health care in
the
21 Midwest I will not even allow my children to be
22 treated in a facility until they give these
people

23 what they need.

24 I wrote that in administering funds

25 patients and consumers will be the ultimate

1 beneficiaries through access to affordable,
2 accessible, quality health care and related
3 educational programs. The vehicle for delivery
of
4 the health care services will be defined as
programs
5 established at or by Health Midwest, community
6 agencies, community partners.
7 While Health Midwest programs may be a
8 primary conflict for the distribution of
services,
9 the foundation is not precluded from working with
10 agencies and community partners in the
distribution
11 of funds if those projects meet the goals
12 established in part one and are consistent with
the
13 mission of Health Midwest. In fact, if done
14 correctly, the foundation can be an effective
15 coverage for bridging the gap left by the closure
of
16 the Trinity campus.
17 Here is the response. A Health Midwest
18 vice president called on behalf of the CEO to
insist
19 I hold another meeting several days before
Christmas
20 so that I could change the language to include
21 Health Midwest more prominently. When I declined
22 citing anger among the board members about how
23 Trinity's closing was handled, I was warned. A.
24 You serve at the pleasure of Health Midwest; they

the 25 can fire you. They can fire all of you, meaning

1 board, and pick a new board if you don't vote the
2 way they want you to. And three, remember, it's
not
3 the foundation's money, it's Health Midwest's
money.

4 I reported this to two members of the
5 hospital board and was told -- and I need to say
6 right now these people are friends; I did not
view
7 these as threats; they were just telling me what
8 they were up against because they had been in the
9 system longer than I -- one, be careful about
10 antagonizing Health Midwest, they play hard ball.

11 Been there. Just ask my husband about
the
12 anonymous complaint called in to the Department
of
13 Family Services when he was keeping a lower
profile
14 which reported him as an abusive father. The
social
15 worker who showed up at our house said she
already
16 knew it was malicious because she could verify
that
17 our children had been in fact in school and were
18 accounted for by those schools. She then
counseled
19 us that she was going to write the report as
20 malicious and asked him who was out to get him.

21 The second, I was told, Try to be a
team
22 player and don't make too much trouble. I am
happy

23 to report the foundation board members, the
white, 24 majority, in fact all of the rest of them are
mission 25 were overwhelmingly supportive of my interim

1 statement.

2 You need to understand that Health
Midwest
3 is not a bad board because they come from Jackson
4 County. They are not a bad board because they
are
5 white. That's the worst kind of reverse
6 discrimination you could have. Health Midwest is
a
7 bad board because they are bullies who don't
8 understand what health care is all about.

9 In a subsequent meeting with Health
10 Midwest lawyers to combine the Trinity board with
11 the Baptist board we were given another
opportunity
12 to reconsider our position, naming the patients
as
13 the primary beneficiaries of our funds. We were
14 asked to reconsider as that our mission statement
15 was a little too long and that of course the
16 community is implied by our support of Health
17 Midwest.

18 You are happy to understand attempts to
19 modify the mission statement were rejected by the
20 entire newly formed Baptist Lutheran Foundation
21 Board. You think you are frustrated about
getting
22 information. Try getting it from the inside.
23 Multiply your frustration by 100 and you know how
we
24 feel. We get our information from the Kansas
City

of 1 That's where we learned of a new layer
2 management called the Central Region. Health
3 Midwest promoted three vice presidents to the
title 4 of executive vice president in the same
5 communication which confirmed that there would be
6 more layoffs of employees caused by the closing
of 7 Trinity Lutheran Hospital. Those people were
coming 8 to the foundation board asking for grants and
loans 9 so they could cover their COBRA payments because
10 they had no job at all.

is 11 If you want to know how frustrated it
12 to get information, let me tell you about getting
13 information about the sale of Health Midwest. In
14 early 2002 the Trinity Lutheran Foundation Board
15 asked if rumors of possible sale to Tenant were
true 16 as reported in the Kansas City Business Journal.
We 17 were told that no talks were in progress and that
no 18 sale was anticipated.

employees 19 My suspicions were raised when
20 reported that despite budget cuts Baptist
Hospital 21 was sprucing up the facility and painting the
mail 22 rooms. Rumors began to flourish that a possible

denials. 23 sale was imminent despite Health Midwest's

24 The start of talk for a possible sale were later

25 confirmed in the Kansas City Star. Getting a

1 pattern here?

2 The foundation asked if the cost of

health 3 care in Kansas City would rise if the system were

4 sold to a for-profit entity. We were told that

that 5 had occurred in some markets, but that Health

6 Midwest facilities needed capital improvements

that 7 Health Midwest could not afford. We were told

8 the subsequent cost of health care was not an

issue 9 that should concern the foundation boards. We

were 10 reminded then of the high labor cost and low

11 reimbursement rates from the government,

insurance 12 companies which lead to problems at Health

Midwest. 13

invited 14 Now I need to tell you, when I was

15 to join the board, it was probably because my

16 husband is a functional equivalent of Mr. Rogers.

reported 17 He's a nice guy. I'm hell on wheels. So I

18 with the idea that it really was kind of odd to

talk 19 about high labor costs given that Health

Midwest's 20 focus seems to be executive salaries and not the

21 people who were actually being seen by patients.

In 22

looked, 23 fact, I counseled the CEO, The last time I

22 when patients show up at a building, they are not
23 coming to see the vice presidents. They are
coming
24 to see the health care workers.
25 The foundation asked if there would be

1 significant changes made between the verbal sale
2 agreement and the final contract. We were told
no.
3 When informed of the sale to HCA to the -- the
4 foundation was told that HCA's commitment was to
5 keep all hospitals open for five years. I noted
on
6 November 18th that the commitment now is three
7 years.
8 I personally requested assurance about
9 HCA's intended commitment to diversity -- you
know,
10 that's my role as the token minority on the board
--
11 as shown by minorities in decision-making roles.
12 Now, I knew how they play this trick at Hallmark.
13 So I said, Do not include janitors or hourly
staff.
14 I really want to know what the commitment is to
15 having diversity in decision-making roles. I was
16 told that would be investigated, but no
definitive
17 information was offered.
18 I noted that the only qualitative data
on
19 HCA's slides showed 40 percent of the trainees
were
20 minorities. Now, I'm a math major from MIT. I
know
21 when you're running an end game, and I know when
22 you're obfuscating. I asked for how many people
23 were in decision-making roles, not trainees.

24 On the question of indigent care. The

25 question I had was: Was the Medicare and
Medicaid

1 population higher at Trinity and higher at the
2 Northeast Medical Clinic? If you want to see
3 Trinity's commitment to diversity or Health
4 Midwest's commitment to diversity, ask them about
5 the procedure they used to close the Northeast
6 Medical Clinic.

7 One of the doctors supporting that
clinic
8 was my husband. The two doctors supporting that
support
9 clinic were informed that they could not get
10 to keep that clinic open, however the Trinity
11 Foundation had expressed support for providing
12 nursing care.

13 When the Health Midwest administration
was
14 informed that both doctors were going to make a
15 presentation to the Trinity Foundation Board for
a
16 nurse and a portable ultrasound so that they
could
17 treat maternity patients, Health Midwest turned
18 around and closed the facility. There was no
public
19 comment. There was a petition going on in the
20 neighborhood. The doctors were not included in
that
21 meeting. In fact, there were no minorities in
that
22 meeting at all, nor any people in the community
23 being served.

24 HCA said that they would provide

indigent

25

health care that would equal the indigent health

1 care provided by Health Midwest in the last 12
2 months, but there is a problem. If you look
outside
3 of that 12-month window, that's when Health
Midwest
4 started closing all of the facilities that were
5 providing all of the indigent care. So you need
to
6 insist that HCA goes back and looks at the
indigent
7 care as provided by Health Midwest at its peak.
8 Because although this is a rumor, I probably do
9 agree with this rumor, there is a feeling that
the
10 methodology involved in closing certain hospitals
11 had everything to do with hoping those indigent
12 people would find their way to Truman Medical
13 Center.
14 My proposal. There are people out
there
15 who are treating this \$800 million like a
lottery.
16 There were a lot of people who showed up at the
17 Linwood meeting who were putting their dibs on
those
18 dollars. I want to know where those people were
19 when we were in the trenches trying to keep the
20 hospitals open. I want to know where those
people
21 were when the nurses were communicating that they
22 didn't have enough staff support. I want to know
23 where those people were when we were trying to
get

24 more minorities in decision-making positions. I
25 think that if we were talking about \$25 you
wouldn't

1 have as many people showing up.

2 I want to say there are good people

3 serving on the board that happen to have the

dubious

4 distinction of having a Johnson County address

with

5 some of the board members. They are not bad

6 people. In fact, a lot of the money that got

pumped

7 into these hospitals and pumped into these

8 foundations, millions of dollars, came from

people

9 who didn't have the right skin color and didn't

have

10 the right address.

11 Being from the other side of the state

12 isn't an issue. Because we all know, especially

if

13 you live in mid town -- I live a block and a half

14 from 39th and Troost -- that there isn't a real

15 State Line. I have one daughter who was born in

16 Missouri, another one born in Kansas City,

Kansas,

17 because I did pay attention to the fact that KU

18 Medical Center happened to be one toe over the

State

19 Line. So those lines are blurred.

20 And we need to get past this nitpicking

21 and talk about what is best for the people, but

the

22 one thing that we can agree on is that Health

23 Midwest is generally held in poor regard, that

there

yet	24	is no reason to recreate the wheel by creating
don't	25	another entity controlled by people who really

1 care about you in the first place. Why reward a
2 group of individuals commonly thought to be the
3 cause of the problem with an \$800 million
foundation
4 that gives them credibility they don't enjoy now?

5 Existing foundations are already in
place
6 with articles of incorporation, mission
statements
7 and attorney staff, and I know you know they all
8 want to be independent. There is a reason. We
9 can't do what we need to do. We can't do what we
10 want to do when what we get back from the system
is
11 bullying.

12 My husband left because he couldn't
take
13 it anymore. I'm not leaving. I think the money
14 should be divided among existing foundations, but
I
15 was unaware that Independence was going to go
away.

16 So I really do agree with the idea of the Truman
17 Heartland Foundation. I think foundations have
18 already proven they have got a commitment to
19 ensuring the dollars are spent in a way that
20 benefits the patients in the community. And I'm
21 telling you, ethnic diversity will improve once
the
22 foundations are separated from the stigma and the
23 pressure of Health Midwest.

24 The existing structure satisfies the

1 keeping a portion of the dollars in the community
2 served by those hospitals. And I think they
should
3 be expanded in the same way that Trinity wants to
4 expand to incorporate parts of Kansas City,
Kansas,
5 to include places like Raytown where hospitals
were
6 closed. Because those assets fell back into the
7 general Health Midwest system, and believe me, we
8 did not forget you. The foundation boards are
not
9 the Health Midwest board.

10 I guess I'm telling you -- you
expressed a
11 lot of frustration at the last meeting. I was
told
12 that I shouldn't antagonize Health Midwest
because
13 they play hard ball. You've seen their brand of
14 hard ball. I've seen their brand of hard ball.
If
15 you throw it at me again, the next person I will
16 inform is him, not my family attorney. I'm not
17 fooled by Health Midwest. Don't you be fooled by
18 Health Midwest.

19 But I have a request. I did give Tony
20 some of my notes, they are extreme of
21 consciousness. The things that I said at this
22 podium can be part of the public record, but I
have
23 shared with you additional details that are
deeply

my 24 personal about Health Midwest's behavior towards
25 husband and my family. And that is private

1 communication between me and your staff. Thank
2 you.

3 ATTORNEY GENERAL NIXON: Thank you very
4 much. Charlie Fisher, Will McCarther and Tom
5 Gould.

6 MR. FISHER: Mr. Attorney General and
7 members of our community. My name is Charlie
8 Fisher. I'm a retired fire chief and director of
9 the Kansas City, Missouri, Fire Department. I've
10 spent nearly 40 years with that organization
serving
or
11 our community and our region. For the past four
12 five years I have served as a public safety
13 consultant working with the Health Midwest
14 organization across our region. In this role I
have
15 represented them at several different
organizations.

16 The principal point I would like to
make
17 is that Health Midwest has played a major part in
18 our community emergency preparedness effort.

19 have, in my opinion, been a team player and
worked
20 with all the hospitals and various public safety
21 agencies across the metropolitan area. It is a
fact
22 that Health Midwest hospitals are a community
asset.

23 To demonstrate this point I would like
to

closely	24	list just a few of the agencies that we work
Local	25	with in the area of preparedness. The LEPC,

area	23	recognize city limits or state lines. It is an
	24	wide problem. We have been working on this since
attack	25	1998, well before the tragic 9/11 terrorist

1 which killed over 3,000 persons in New York.

2 We are also pressing that the Red Cross

3 Service Delivery Committee which works closely

with 4 various response agencies throughout our

5 metropolitan area in assisting victims of many

6 different types of disaster. During the ice

storm 7 earlier this year, we opened one of our closed

8 hospitals to house several people displaced by

the 9 storm and provide temporary shelter for several

10 families. In the event of a terrorist attack, we

11 would certainly use all the resources of our

system 12 to assist the community in every way possible.

13 I understand HCA has funded two

disaster 14 medical teams in their system. We will be

exploring 15 this asset in the very near future if this sale

is 16 authorized. Perhaps we will have a disaster

medical 17 team in our region, in the heart of America. At

the 18 state level we are representing the Missouri

19 Hospital Bioterrorism Advisory Board trying to

20 better prepare hospitals across the state to be

21 prepared for an NBC event.

22 Hospitals are indeed a part of the

first 23 responder family, much like fire, police and EMS.

24 In a biological event the first casualties will
25 undoubtedly show up in our emergency rooms, our

1 urgent care facilities. Our hospitals must be
2 trained and equipped to deal with the victims of
an
3 NBC event. Major progress has been made in our
4 hospitals, but much remains to be done.
5 Health Midwest has been one of the
leaders
6 in our war against terrorism. In my opinion they
7 have helped make our community a better and safer
8 place. I feel confident that if this sale is
9 approved HCA will continue that effort of
community
10 involvement. I believe they have left a legacy
of
11 support to the emergency response community not
only
12 in our city but in the region and across the
state.
13 And it's an honor to work with them and all the
14 professionals in the health care community and
our
15 metropolitan area.
16 I believe HCA will continue their
support
17 for our community and to our region in our war
18 against terrorism. I understand they have a
history
19 of being active partners in the community where
they
20 currently have hospitals. I believe we have
every
21 reason to believe that this philosophy will
continue
22 in Kansas City. We are a community and we've

been

23 working hard to become better prepared to respond

24 effectively to a terrorist attack in our region.

We

25 have made a lot of progress, but much work

remains.

1 I believe HCA, if the sale is approved,
2 will be a real asset to our community and will
help
3 us continue our preparedness effort across this
4 metropolitan region, which is in fact the heart
of
5 America, a very caring community. We expect HCA
to
6 be a caring provider to the best medical care
7 possible to all the members of our community
8 wherever they may reside. Thank you for the
9 opportunity to address this group.

10 ATTORNEY GENERAL NIXON: Thank you. I
11 hope everyone can appreciate. It has been an
12 extremely long day for me today, and tomorrow is
13 going to be exceedingly long also. And then
14 Thursday, with having all of our family together,
it
15 will probably be even longer, but I would like to
16 conclude tonight with four more of -- four more
17 slots. If anyone is not among these four and
wants
18 to testify at some further hearing, make sure you
19 get your name to Tonya.

20 The four I would like to complete with,
21 there is no great science to this, would be Will
22 McCarther, Tom Gould, Bill Kyles and Natasha
Brown.
23 Then I would ask anybody else that wants to talk
24 that can't this evening to make sure they get a
25 chance to leave their name and address and phone

1 number with Tonya over there. Then we will make
2 sure we get an opportunity for that also. So
Will
3 McCarther.
4 AUDIENCE MEMBER: He has left.
5 ATTORNEY GENERAL NIXON: Tom Gould,
then
6 Bill Kyles and Natasha Brown.
7 MR. GOULD: This testimony is from the
8 Missouri Kansas Health Watch Coalition. I
believe
9 there are some volunteers who will be passing out
10 the principals that we all endorse. Good
evening.
11 My name is Tom Gould. I'm with the Missouri
12 Association for Social Welfare, a member of the
13 Coalition. The Coalition is involved to ensure
the
14 public has a voice in the conversion, to protect
the
15 public interest and to ensure a fair and open
16 process, to make certain health care services are
17 protected and protect health care assets.
18 Members of the Coalition as of 11/25/02
19 are the Missouri Association of Social Welfare,
the
20 Kansas Association for the Medically Underserved,
21 the Kansas State Nurses' Association, the Nurses
22 United for Improved Patient Care AFT Health Care,
23 Bonnie Garrison, Kansas City Neighborhood Action
24 Group, Robert W. Wilmet, Patricia House, Citizens

Advocates 1 Association of the Heartland, Voice Health
Missouri 2 and Women's Resource Center, Missouri's --
3 Nurses' Association and Missouri Primary Care
4 Association.
5 We would first thank you for stating
that 6 the 20-day review period has not yet started, as
we 7 believe that you are in need of much more
8 information. We know that the information Health
9 Midwest has provided you and you have provided on
10 your Web site, and it is woefully short on
11 information concerning the process used to
determine 12 the need for the sale, the selection process and
the 13 fair market value.
14 Last week we presented our principal
15 document concerning the sale of Health Midwest to
16 HCA. We would also like to add the following to
be 17 included in your review of process -- in your
review 18 process.
19 Additional public hearings to be held
in 20 all of the communities where Health Midwest
assets 21 are located. In addition to evening hearings,
22 hearings should be held during the day and on
23 weekends. Additional public hearings are also

vital

24 given the documents only became available this
past

25 Friday. We ask that you hire those necessary --

1 ATTORNEY GENERAL NIXON: The only
2 limitations I have had on these hearings, coming
3 into my eighth and a half hour here personally on
4 these, is that there is only one body, me. So I
--
5 without being disrespectful, it's impossible for
me
6 to go to every community in which there is
something
7 that Health Midwest touches and listen to every
8 person. It's just not possible. I can try to do
9 the best I can. We're going to make sure we get
out
10 and about, but I would ask that you not try to
11 personally raise the bar higher than is
physically
12 possible for me.

13 MR. GOULD: Well, a billion dollars is
a
14 lot of money.

15 ATTORNEY GENERAL NIXON: Yes. I should
16 have my full faculties about me when I'm
litigating,
17 and it's not possible on two hours of sleep.

18 MR. GOULD: But of course in the very
19 least, every individual community that's being
20 affected by this sale needs to be heard in some
21 fashion and as quickly as humanly possible.

22 ATTORNEY GENERAL NIXON: We're
committing
23 significant staff and personal time. I'm
committing

time. 24 obviously personal time, significant personal

25 There is no more important transaction we're

1 involved with in the State of Missouri right now.
2 Although there are currently 39,542 lawsuits in
3 Missouri with my name on as counsel of record.
It's
4 a relatively hot corner I live in.
5 All I ask, I'm not -- I've had a great
6 relationship and will continue to have a great
7 relationship with your fine organization
throughout
8 the state which has over a hundred year history
of
9 consistently and constantly, aggressively and
10 respectfully providing for people in need. And I
11 don't mean to in any way, shape or form to demean
12 your request, other than to say there is only one
13 body, me.
14 Because of the importance of this
15 transaction I've committed a significant amount
of
16 my personal time just to listening. And I will
do
17 my best, my darn best to get out to as many
places
18 as I possibly can.
19 MR. GOULD: We thank you and respect
20 that. We still hope you can. We ask that you
hire
21 those necessary to conduct an independent
valuation
22 to determine the fair market value of the assets
of
23 the system.

health	24	There is a need for an independent
the	25	care impact analysis. This analysis must study

1 effect of this sale as to the provision of health
2 care services and its consequences in relation to
3 the communities' total delivery systems. This
4 analysis must also examine the financial
5 consequences faced by the citizens and the
6 communities should the sale be approved.

Protecting

7 Health Midwest employees protects Health Midwest
8 patients. It is important that nurse to patient
9 ratios improve to ensure patient care and safety.

10 Finally, any foundation formed in the
11 process for such formation should be subject to
12 Missouri's open meeting laws. Thank you again

for

13 your careful review of this very complex issue.

We

14 certainly understand.

15 ATTORNEY GENERAL NIXON: Thank you very
16 much.

17 MR. GOULD: Thank you.

18 ATTORNEY GENERAL NIXON: Bill Kyles and
19 then Natasha Brown.

20 MR. KYLES: Thank you, Mr. Attorney
21 General, audience. I'm Bill Kyles, president and
22 CEO of Comprehensive Mental Health Services. And
23 with the exemption of Shirley Fearon, I want to

say

24 those words that have not been used much tonight,
25 mental health and substance abuse.

1 I hope that we stand at an opportunity
2 here that we can pay more attention and more
3 resources to mental health and substance abuse.
4 Over the past few years the funding at the state
5 level and really all levels for mental health and
6 substance abuse has dropped dramatically. As a
7 matter of fact, the State of Missouri tried to
8 balance its budget over the backs of the mentally
9 ill last year.

10 The increased demand of mental health
11 services at the community level is coming at the
12 same time that hospitals are aggressively closing
13 their psychiatric beds. We have lost over 1,000
14 psychiatric beds in the last decade. We have
15 over 300 psychiatric beds in the past two years.

lost

16 With the Health Midwest Foundation, if
17 up, I hope that they will do at least two things.
18 That they will provide funding to enhance the
19 community mental health and substance abuse
20 treatment services in the community so that we're
21 better able to treat the individuals and divert
22 from the need of hospital beds, and I hope they
23 reopen psychiatric beds.

set

them

will

24 There is -- in one part of the
25 presentation on Health Midwest they say they are

1 going to look at the level of care that has been
2 given for the past 12 months, but a lot of the
3 closures in the psychiatric beds took place
before
4 the past 12 months. So if we're really going to
5 look at the amount of indigent care, particularly
as
6 it relates to mental health and substance abuse,
I
7 really feel we have to go beyond the 12-month
8 period.

9 HCA -- Health Midwest closed Trinity
10 hospital's 78 beds. And I do know that beds,
11 psychiatric beds do not pay a lot of money to the
12 hospitals. That was a big blow, and that was
only
13 one of many blows. North Kansas City --

14 ATTORNEY GENERAL NIXON: How far back
15 should we look?

16 MR. KYLES: I think we should go back
at
17 least three to four years back because so many
18 closures have actually taken place in that period
of
19 time. We had a number of hospitals, in
20 particular -- no particular segment of the bed
21 closures got hit harder than psychiatric
services.

22 And we're in the middle of the night now, 2:00
and
23 3:00 o'clock in the morning, when we're trying to
24 find a hospital bed for a client. We were over

and

25

over told again, no hospital bed is available.

We

We

Department

we

line

better

system

of

24 The other thing that we would like to

across
board
people.

1 represent the investments that have been made
2 the communities in the current Health Midwest
3 system. That means for those of us in eastern
4 Jackson County who have very little or no
5 representation on the current Health Midwest
6 that some of those dollars do indeed go to the
7 Truman Heartland Foundation. That we indeed have
8 eastern Jackson County people in the position to
9 utilize the funds for their years of investment
10 making decisions for eastern Jackson County

you've
is a
that.

11 So that the plan that the Mayor of
12 Independence has put forth and the plan that
13 heard over and over again tonight about involving
14 the local foundations in the overall way that the
15 dollars are going to come back to the community
16 very sound plan with local investment within

remarks
hospitals.
two

17 I'm going to give you a copy of my
18 tonight, but I've listed all closures of
19 And just in the past -- this is just in the past
20 years.

City

21 We have lost 318 beds in the Kansas
22 area from closures of hospitals. Trinity
23 Psychiatric Center, a negative 78 beds; Two

Rivers

Veterans	24	Psychiatric Hospital, a negative four beds;
	25	Affairs Medical Center Psychiatric Services, a

1 negative 80 beds; Western Missouri Mental Health
2 Center, a negative -- minus 28 beds; Baptist
Medical
3 Center, negative one bed.
4 Columbia Independence Regional -- every
5 psychiatric bed -- we used to have 24 psychiatric
6 beds located in Independence. Every single one
of
7 those beds have been closed. We have no
psychiatric
8 beds located anywhere in the City of
Independence.
9 Columbia Regional Center, a negative 31 beds;
Park
10 Lane Medical Center, a negative ten beds; North
11 Kansas City Hospital, a negative 30 beds; Value
12 Mart, a negative 30 beds; Providence Health
Center,
13 a negative 18 beds; Charter Hospital, a negative
60
14 beds.
15 These have all occurred in the past
couple
16 of years with no additions brought on line. So
my
17 short, succinct message is, make sure resources
are
18 going to mental health care, make sure we're
going
19 to beef up the community's safety net with that
and
20 make sure that we're going to have investment in
21 local communities. Thank you.
22 ATTORNEY GENERAL NIXON: Natasha Brown.

23 We didn't get to everybody tonight, but we heard
24 from many people and many organizations and many
25 points of view. And as I mentioned at the
beginning

continue 1 of this process this evening, I intend to
2 this process, and we will make sure that we do
3 everything we can to do our job.

audience 4 I want to thank everyone in the
respect 5 tonight for their patience, as well as their
6 for the wide array of speakers that came tonight,
7 each of which I thought did an unbelievable job,
8 both preparation as well as focus.

public 9 You know, as somebody who serves in
10 office and has for a period of time and serves in
11 this office, I'm past my ten years as attorney
that 12 general. There are a few things that you touch
13 you know that you're going to be graded on long
14 after you leave. And I hope everyone understands
15 that this is one of those things, that me and my
16 senior staff and countless number of hard-working
17 people at our office take extremely, extremely
18 seriously. Thank you and good night.

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C E R T I F I C A T E

Reporter,

I, JAMES A. LEACOCK, Certified Court

do hereby certify that I appeared at the time and
place hereinbefore set forth; I took down in
shorthand the entire proceedings had at said time
and place, and the foregoing one hundred eighty-
pages constitute a true, correct and complete
transcript of my said shorthand notes.

Certified to this 2nd day of December, 2002.

Certified Court Reporter

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